the Freeman

Ideas on Liberty

FEBRUARY 1971

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VOL. 21, NO. 2 • FEBRUARY 1971

Man and Miracle — C. Austin DeCamp — 67
A tribute to George Washington and his role in the "Miracle at Philadelphia."

Consumerism — Max E. Brunk — 71
Consumerism is a movement of activists who champion issues which appear to be beneficial to consumers.

On Institutional Senescence — Paul H. Jacobson — 82
Let's re-examine the urge to create or perpetuate institutions that do not serve liberty.

The Liberation of Women:
Thoughts on Reading Some Old Cookbooks — Bettina Bien — 87
Capitalism has taken much of the drudgery out of homemaking and brought economic freedom to women.

The Medical Market Place — A. R. Pruit, M.D. — 93
The story of trouble in a regulated industry subjected to inordinate inflationary pressures.

The Lure of Nonprofitable Services — Kurt V. Leininger — 104
Some would have us abandon all else and work solely for the "public good."

False Remedies for Poverty — Henry Hazlitt — 107
How union privileges, social measures, inflation, and more direct socialism all aggravate the problem of poverty.

Who Should Vote? — Paul L. Poirot — 120
Your welfare may be in his hands.

Book Reviews: — 125
"Did You Ever See a Dream Walking?" by William F. Buckley, Jr.
"The Conservative Tradition in European Thought" by Robert Schuettinger

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A MONTHLY JOURNAL OF IDEAS ON LIBERTY

IRVINGTON-ON-HUDSON, N. Y. 10533 TEL.: (914) 591-7230

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THE FREEMAN is published monthly by the Foundation for Economic Education, Inc., a nonpolitical, nonprofit, educational champion of private property, the free market, the profit and loss system, and limited government.

Any interested person may receive its publications for the asking. The costs of Foundation projects and services, including THE FREEMAN, are met through voluntary donations. Total expenses average $12.00 a year per person on the mailing list. Donations are invited in any amount—$5.00 to $10,000—as the means of maintaining and extending the Foundation's work.

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Articles from this journal are abstracted and indexed in **Historical Abstracts** and/or **America: History and Life.** THE FREEMAN also is *available on microfilm, Xerox University Microfilms, Ann Arbor, Michigan 48106.* Permission granted to reprint any article from this issue, with appropriate credit, except "On Institutional Senescence," "The Medical Market Place," "The Lure of Nonprofitable Services," and "False Remedies for Poverty."

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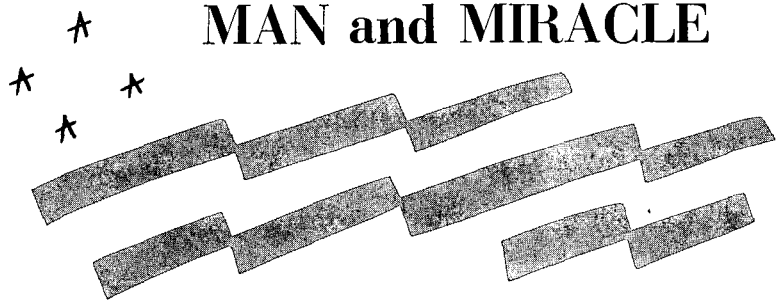
C. AUSTIN DE CAMP

MAN and MIRACLE



GEORGE WASHINGTON's high regard for the Constitution of the United States was expressed in a letter to Lafayette early in 1888:

> It appears to me, then, little short of a miracle that the delegates from so many different States . . . should unite in forming a system of national government so little liable to well-founded objection.

From that phrase, Catherine Drinker Bowen derived the title for her historical narrative of the Constitutional Convention of 1787, *Miracle at Philadelphia*. With Washington presiding over their deliberations, some 55 diverse personalities, representing 12 sovereign states, agreed on a code of association proclaimed by Gladstone "the greatest document ever struck off by the hand of man"—a document designed to give unity and purpose to a government of men and of states and to assure that liberty should be the birthright of succeeding generations.

"Miracles do not occur at random," observes Mrs. Bowen. "Every miracle has its provenance, every miracle has been prayed for. The wine was first water in Cana; there was a wedding and a need." And, one might add, the individuals were at hand to fulfill such need.

As to the miracle at Philadelphia, the *prayer* for freedom had been growing in intensity for fifty generations. The *need* was evident in the conduct and governance of 13 embryo states along America's Atlantic shore. In due time, the requisite *human agency* appeared, making liberty the first

C. Austin De Camp, Retired Lt. Col. Engrs. AUS, saw volunteer service in World Wars I and II. His 86 years have been devoted to exposition of America's gift of freedom to the world, speaking and writing of the meaning behind the major anniversaries we celebrate.

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and foremost concern of the political structure. Those developments of American philosophy, culminating in the decision for a free mankind, are indeed a great miracle. How fitting then, in celebration of Washington's birthday, that we check our bearings to determine if we are worthy of our miraculous heritage: attainable freedom for all mankind.

The Seeds of Liberty and the Flowering

To review the history of liberty is to realize that the concept is of relatively recent origin. Liberty could be no part of a polytheistic religion, with a multitude of gods enslaving men and directing their destinies quite apart from human desires and capabilities. Only some 3,900 years ago did Abraham make the first major break from polytheism; and much of the world today has yet to break those chains. The meaning of freedom develops slowly.

With all the fine theories of freedom evolved by the Greeks, they neither embraced monotheism nor discarded slavery. Englishmen spelled out the beginnings of the rights of man in the Magna Carta; they recognized the right of the individual to by-pass the clergy in reading the Scriptures; they enhanced the quality of justice through impartiality in court practices; but they remained the subjects of rulers who inherited sovereignty by Divine Right.

The great break-through to the idea of citizen sovereignty came on the Atlantic coast of America, among people conditioned to self-reliance, resourcefulness, and independence. Freedom – the right of choice – was knocking at their door. And they opened that door in recognition of their need.

Abraham had sown the seed: one God of the universe manifesting Himself through the individual. Intervening centuries of religious and philosophical gestation enabled Thomas Jefferson to put it in these words: "All men are created equal . . . endowed by their Creator with rights . . . life, liberty, and the pursuit of happiness . . . that to secure these rights, governments are instituted among men." How, then, to structure a government to implement this new-born idea of citizen sovereignty?

Except for the inspired leadership of George Washington in those perilous years after 1776, this child might have died in infancy, and we might still be groping for a practical way to rest sovereignty in the individual. History should record him, not only as the father of his country, but also as the father of citizen sovereignty – the greatest advance in

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social and human relationships since the dawn of civilization.

Citizen Sovereignty

The governance of man, if one traces the social contract through time, begins with the tribal chieftain. It progresses from smaller to greater rulerships, all substantially authoritarian in method and monarchical in design. The Divine Right of Kings and succession by primogeniture typify such systems, the freedom of the individual ever secondary to the authority of the sovereign. Then, the miracle – the mantle of sovereignty enveloping each citizen and his heirs forever, theirs the responsibility for working out the intangibles of human liberty and voluntary association.

Under citizen sovereignty, the excellence of any government depends directly upon the excellence of the citizenry. If one is unhappy with today's state of the nation – law, order, education, inflation, pollution, war, morals, or whatever – the only honest and courageous course is serious self-examination. And then the question: "What am I going to do about it?"

One helpful answer might be to try to repair the lack of humility and gratitude in our spiritual makeup. To daily and sincerely register thanks for our heritage as citizens should make of us better sovereigns than we are.

Also, we might seek an ideal sovereign after whom to pattern the exercise of our own privilege and duty. And what better choice than George Washington, first citizen sovereign following the rejection of monarchy, and model of unimpeachable honesty.

Parson Weems may have been a better historian than he knew when he invented the myth of the cherry tree, an interpretation of the greatness of a man who would not lie. Douglas Southall Freeman says of Washington: "For the long and dangerous journeys of his incredible life, he always had the strength and direction needed, because he ever walked a straight line."

Another question we might ask ourselves: "Does the sovereign believe in the cause he serves; am I truly dedicated to the freedom of mankind?" Evidence of Washington's dedication is to be found in these responses when he was sought for speaking engagements after the war:

To the Reformed German Congregation in New York – "the establishment of Civil and Religious Liberty was the motive which induced me to take the field."

To the New Church in Baltimore – "We have abundant reason to rejoice that in this Land, the light of

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truth and reason has triumphed over the power of bigotry and superstition and that here every person may worship God according to the dictates of his own heart . . . It is our boast that a man's religious tenets may not forfeit him the right of attaining and holding the highest offices that are known in the United States.

Biographer Freeman says further:

George Washington was neither an American Parsifal nor a biological sport. What he was, he made himself by will, by ambition and by perseverance . . . He ever walked a straight line.

There is the crowning glory of the man, a man with few, if any, of the accepted factors of greatness such as commanding statesmanship, great eloquence, great scholarship, great skill as a builder, or even great military prowess. Not by talented genius that Washington attained the mantle of greatness, but because he walked a straight line. Achievements unparalleled, by unswerving devotion to truth. Truth, which makes men free.

Washington left us a legacy of opportunity and of truth – basic elements in the structure of national endurance. Facing today's "times that try men's souls," may we be guided, by a man and his miracle, to walk a straight line.

If, to please the people, we offer what we ourselves disapprove, how can we afterwards defend our work? Let us raise a standard to which the wise and honest can repair. The event is in the hand of God.

Attributed to GEORGE WASHINGTON
during the Constitutional Convention

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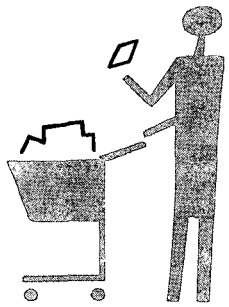
CONSUMERISM

MAX E. BRUNK



IN AMERICA TODAY people work fewer hours, have more security and real wealth than ever before, and yet we are an unhappy people involved in much social dissent. We are frustrated over poverty, equal rights, changing social mores, campus revolt, pollution, and our environment. It is no longer fashionable to talk or worry about our productive capacity either as a nation or as individuals. Farmers and our business institutions are taken for granted. We are not so much concerned with the source of our wealth as we are with its appropriate disposal.

The things we worry about today were, of course, problems years ago, but we were too busy, too insecure, too poor to do much about them. Perhaps we should be thankful for the affluence that has made it possible for us to move these "old problems" upward on our scale of priorities. At the same time we should recognize that while affluence provides the means it does not necessarily provide the wisdom for instantly coping with the complex social problems now concerning us.

Affluence has provided an abundance of people who are economically free to concern themselves about the affairs of others. Man hours no longer thought to be needed to produce goods and services are, in no small degree, the source of our social discontent.

Until quite recently, we have been so busy growing in an industrial sense, and we have enjoyed the fruits of our labor so much, that we have had little time or re-

Dr. Brunk is Professor of Marketing at Cornell University. This article is from his talk before the Illinois Agricultural Association at Chicago, November 17, 1970.

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sources to devote to those broad social problems created by our rapidly advancing technology. No small part of this technological advance has been in agriculture. Those persons left in agriculture today are the economic survivors of the greatest mass migration in the history of man. Had there been no out-migration from agriculture over the past 35 years, our present farm population would be 65 million rather than 10 million. This sudden displacement includes many who have neither the capacity nor yen to learn and master a new profession – many who find it disagreeable to work by the clock and calendar. Many of these are the technological dropouts who are in trouble – who are both a burden and responsibility of our modern society – who are a source of discontent in this time of affluence.

One Dropout, One Vote — Formula for Disaster

Numbered among the dropouts and other technological misfits are many of our youth who, supported by affluent parents, have not had to worry much about becoming productive citizens. Our colleges are crowded with those who have little or no idea of the professions they ultimately seek to follow. Many, in their bewilderment, seek immediate changes in our social structures amounting to an instant social security designed to perpetuate their dole.

Suddenly we are aware of a large and growing group living on the leavings of a highly productive society. Earlier societies have had their leisure classes but never before in history has so large a proportion of a society been free of the worries of seeking the bare essentials of food, shelter, and clothing. The perplexing problem facing us is how to absorb these technological dropouts and make them productive. For how else are we to combat a national negativism and get on toward a happier society?

In the meantime, this growing horde of economic parasites takes on a very serious meaning in a one-member, one-vote democratic society. Still in the minority, their presence is largely manifested in social meddling – in contemplation about the welfare of their fellow man. One such movement we vaguely call consumerism – a term still too young for the dictionary. This particular movement not only impinges on your rights as a consumer but also is symbolic of present-day social meddling.

Consumerism is a movement of activists who champion issues which appear to be beneficial to consumers. My carefully worded statement that consumerism is a

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movement of activists who champion issues which appear to be beneficial to consumers is blunt and to the point. It will not make the consumerist happy for it exposes the spurious implication that there is, outside the market place, a bona fide movement of consumers who join in common cause on their own behalf. Nevertheless, in order to understand the growth, strength, and power of consumerism one must realize that it is *not* a movement of consumers themselves. The term implies protection of the consumer, but the flood of proposals for ways and means of protecting the consumer are not generally traceable to those seeking protection for themselves. To the contrary, the specific issues of consumerism are initiated by those who, for assorted reasons, seek to protect others from harm. It is this third-party involvement in a buyer-seller relationship that gives consumerism its uniqueness. The consumer activist, regardless of motive, is indeed a crusader.

Third-Party Intervention

Time will not permit an exploration of all the motives of the consumerist. They obviously range from selfish to unselfish, from dishonest to honest, from thoughtless to well informed. Whatever his motives, the consumer activist contends that consumers should be protected from physical and economic harm, that consumers should be informed and educated in product knowledge, that consumers should have a choice in the market place, and finally that consumers should have proper legal redress for wrongs. Such virtuous aims seem undebatable until one realizes that under consumerism they are subject to third-party interpretation which may or may not be in the consumer interest.

In a normal market relationship, the buyer's right to accept or reject imparts forceful economic meaning to these aims consistent with each individual's particular set of values. But competitive enterprise is rejected by the consumerist who identifies protection in terms of third-party values. And because such values can always be made to appear rational, they are condoned and often vigorously supported by the general public. As a result, innumerable laws, regulations, and coercions are rapidly displacing the free decision of the individual in the market place, and the right of the consumer to choose increasingly becomes a mockery.

Without much doubt, I reveal my personal conviction on consumerism. I think most of all I resent the hypocrisy of the politics behind consumerism — the illusion that someone is doing something for me when in fact he is only do-

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ing something, at my expense, to serve his own selfish political interests.

I hear business leaders today claiming that consumerism is anti-business — antiproducer — anti-agriculture. They, too, have fallen victim to the hypocrisy of consumerism. They are mistaken. Consumerism is aimed at the consumer. Business can adjust and endure under consumerism much better than consumers can. To business, consumerism merely closes the doors to certain opportunities, redirects effort, or alters the competitive advantage one business might have over another. But look what it does to the consumer who pays the cost and loses the benefits that a prohibited product or service could have provided.

I reject the popular contention that the housewife-consumer is ignorant, stupid, or uninformed merely because her actions are not consistent with either my beliefs or the beliefs of any professional consumerist. In my opinion, consumers with dollars in their pockets are not weak by any stretch of the imagination. To the contrary, they are the most merciless, meanest, toughest market disciplinarians I know. I reject the thesis that there is any one universal value in marketing that can be made applicable and acceptable to all 200,000,000 American consumers. Any businessman who succeeds in his efforts to capture the favor of the consumer knows this. He knows that the values and needs of different consumers change with almost every purchasing decision. Surely we need to distinguish between the proper role of government in protecting consumers from deceptive practices and the inappropriate role of serving as intermediary between buyers and sellers in making value judgments.

The Price We Pay

In our zeal to protect the "innocent" consumer, we need recognize that each protective step necessarily limits our productive capacity as a nation. It may be argued that a wealthy nation can afford such luxury and, though this is true, we need also to take into account the price we are paying for consumerism.

Risk is inherent in every consumer purchase — in every consumer act — and man can do nothing to alter that fact. The efforts of man to eliminate risk in the market place contain much political appeal but are nonetheless futile because the reduction of one kind of risk must always be accompanied by a compensating increase in another kind of risk. The cost of protection is deprivation. We can, if we desire, achieve a high degree of auto safety by re-

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ducing speed; but society rejects the sacrifice and instead, with the safety belt, accepts a lower safety level requiring less sacrifice.

Some of the most protected members of our society are the inmates of our prisons. These unfortunates know the personal cost of their protection through acute awareness of their deprivations. But the cost of consumer protection is not so apparent. We have no way of putting a value on the sacrifice in foregone products and services that a free market could provide.

Motivated by Power

So far I have identified the consumerist only as a kind of self-appointed, omnipotent guardian of the consumer. Who is the consumerist? Where do his ideas come from? What gives him motive? To some degree I think we are all consumerists at one time or another. We all have ideas about how other people should behave or be made to behave. When we get worked up about some issue we may even become activists and try to force our opinions on others. However, the most potent and dangerous consumerists are found in the ranks of elected public officials, career public workers, authors and writers, college professors, school teachers, preachers – people who have time on their hands to worry about others – people whose status depends on publicity and popularity – and perhaps above all, those technological dropouts who have yet to find a place in society.

It is interesting to observe that the consumerist sometimes has as much difficulty convincing the consumer of her need for protection as in convincing a regulatory body to do something about it. This is what they call education. But in final analysis the consumerist with the real punch is the elected official who champions laws, the appointed official who establishes regulations, or the self-appointed meddler who needs only to demonstrate, to release a report or make a speech to hit the headlines. I doubt that my congressman is responsible for the eight sets of seat belts that came in my latest car, but I got them and I paid for them. While some congressmen deem it expedient to play on the political opportunities of consumerism, we can be thankful that most of our public representatives, perhaps much better than the general public, understand the shams of consumerism. In a very real sense, these responsible representatives often protect the consumer from the consumerist.

The Case of Unit Pricing

So far I have dealt in broad generalities. Perhaps a specific illus-

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tration may help to expose consumerism in its true light. I have heard it said that if strawberries were a manufactured product, they would be restricted from the market today because so many people are allergic to them! Indeed, the long arm of consumerism will soon reach back to the products of the farm as it already has in its intense concern with antibiotics, insecticides, herbicides, and fertilizers.

Anyway, my little story has to do with unit pricing and I approach it with no misgivings. From mail I have received, I've learned the danger of commenting on any consumer issue because someone, some self-appointed consumerist, always stands ready to defend such issues. A few years ago someone had the thought that if all products in the retail store were price-marked in equivalent units of pounds, quarts, square feet, and the like, then the consumer could better identify the best buy. There was an implied assumption that the variety of package sizes on the market were a calculated attempt to deceive the consumer.

Gradually the idea began to catch on and more and more people began to accept and champion it. I know of no strong bona fide consumer support for the idea but I do know of a lot of passionate pleas made by consumerists who thought the idea had merit, especially for people on a tight budget. Finally, the proposal gathered enough steam to be ordered into effect by the Department of Consumer Affairs in New York City. But before it could be invoked, the courts ruled that the Department had no authority to require conformance. The matter currently rests there while steps are being taken to establish the needed authority.

But, as in any fight, charges and countercharges flew wildly. The merchants claimed that the costs of so marking products would be prohibitively expensive – that the net increase in cost would be borne by the consumer. The consumerists claimed that such marking would enable some consumers, and particularly those who needed it most, to save up to 10 per cent on their grocery bill. No one really had any facts, though the idea sounded plausible and workable. This is the typical way consumerist issues arise and generate support, first among those who would like to do something for the consumer, and then among consumers who innocently become effective consumerists without really knowing it. It also reveals the typical negative reaction of the business community which serves only to add the fire of certainty to the consumerist's eyes.

Fortunately, this is one idea that

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could be tested with reasonable preciseness, and one of my colleagues at Cornell, Professor Daniel Padberg, undertook to do that in a chain of stores in the Midwest. The most interesting of his conclusions is that both the costs and benefits were grossly overstated. The costs in the smallest stores ran to over 4 per cent of the sales value but in large supermarkets they amounted to less than a tenth of one per cent of sales. But a check of product movement over time indicated no significant shift in purchases by the consumer. In two broad food categories the consumer actually shifted her trade up to the higher cost per unit item; in the cereal category she shifted to lower-cost packages; and there was no change in the others. Surveys of consumers shopping these test stores revealed that awareness of the availability of the information was greatest among the high-income, well-educated consumers. Despite these findings, the only real facts on the issue available, it is my prediction that the consumerist will continue to champion unit pricing, will continue to talk about how it will benefit the poor, and eventually will succeed in getting widespread regulations making unit pricing mandatory.

The issue of unit pricing did not originate from any factual base, and accordingly, facts are not likely to alter the decisions of those who champion its cause. It makes no difference that the theory of unit pricing is based on a false and strictly materialistic premise. It makes no difference that it gives the large merchant a competitive advantage over the small. It makes no difference that the wealthy take greater advantage of the information than do the poor. Even if the benefits are not very great, it may be argued that the costs are insignificant. At least the consumer doesn't need a computer when she shops and she gained a notch in her right to be informed. But is the cost really insignificant if we add this to the hundreds of other laws and regulations that have been forced on the consumer within the last several years?

The Market Will Handle Whatever Is Essential

Once again I would make it abundantly clear that I neither advocate nor oppose the idea of unit pricing. I am only saying that if indeed it has merit, if truly enough people want it, the competitive pressure of the market is sufficient to bring it into being without the aid of third-party meddlers. In a democratic society we can, if we desire, force its *cost* on the public by either legislation or regulations. But no amount of legislation or regulation can force its

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use on an unwilling, uninterested consumer.

In today's sensitive market, the producer of any product or service needs to keep an eye on both the consumer and the consumerist. The activities of the consumerist are causing the consumer increasingly to rationalize her actions in the market place, and this verbal justification is in turn affecting her behavior. Shrewd marketers in the past have always responded more to the actions of Mrs. Consumer than to her talk. The literature of market research is full of examples in which the consumer said one thing but did another. When called upon to explain his actions, everyone hopes to sound rational, whether he acted that way or not. Consumerism is creating a self-consciousness in consumers and developing a vocal response based on third-party rationalization that can be grossly misleading to those bearing the responsibility of serving the consumer.

Business Is Suspect

In considering the impact of consumerism on marketing, any industry should recognize that consumerism breeds on suspicion of the motives of business. Something has to be wrong, someone has to be unhappy for consumerism to exist. The consumerist sees different-sized packages on the market, not as an attempt to meet the differing requirements of people, but rather as a deliberate effort to confuse the consumer. In the consumerist's mind, fractional-ounce contents have nothing to do with efficiency or cost savings but are designed to make comparative pricing difficult! Codes are put on packages to hide vital information from the consumer! Colors and printing are used to deceive! Packaging is used to cover faulty merchandise, and advertising is designed to make people act impulsively against their better judgment! The list is endless, and it always will be, for this is the nature of consumerism. However, I believe this observation tells us that the more business conducts its affairs in the open – lives in a goldfish bowl so to speak – the less it will be subject to the whims of the consumerist.

My little example on unit pricing may sound trivial but it is not so considered by the industries involved. It's like the truth-in-lending law. How many consumers do you think wanted this law for their own protection? How many thought it might be a good idea for someone else? How much more do you now know about interest rates and carrying charges than before the law was passed? How many dollars has it saved the con-

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sumer? Regardless of how you choose to answer, the truth-in-lending law is now safely tucked away on the books where it can be forgotten. The few mills of marketing margin that it will permanently cost may even be worth the silencing of the consumerist on this issue. I only regret that it has freed the consumerist to dream up some other regulation that might hurt me more.

Consumerism is made up of little issues each affecting either relatively few consumers or few businesses. It thrives on the importance of being unimportant. It enlists the passive support of the majority against the vigorous opposition of the few and in this way it grows on our economy like a cancer. There is a common belief that consumerism has grown out of the malpractices of business. This is false, but certain malpractices of business have been effectively used by the consumerist to give credence to specific consumer issues. The characteristic approach of the professional consumerist is to find several flagrant violations of good faith which can be substantiated. These are pocketed while a broadside charge is made against an industry. When the charges are met with denial, the specific cases are brought forth from the pocket to legitimatize the general charges. The repetition of this time-worn legal trick seems never to be recognized by the little American who believes he is being wronged by big business. The whole idea of the giant-killer has a certain romantic appeal to him.

The President's Special Assistant for Consumer Affairs

There is one other timely concern and that has to do with current efforts to create one governmental agency, office, bureau, or department to serve as spokesman for the consumer. Provision for such an office came out of Senate Committee hearings just prior to the 1970 elections and the House had already acted on a somewhat different version of the same measure.

How effective a spokesman for the consumer such an agency might be is demonstrated by the past activities of the President's Special Assistant for Consumer Affairs. During its eight-year gestation period much effort has been made to gain consumer, business, and labor support for the program. Many talks have been given, press conferences held, and consumer meetings scheduled. Although the office of Special Assistant has carried the identity and prestige of the White House and has been served by three different, highly respected and competent ladies, the general public has never really

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taken the Office seriously. Any mention of the Office will usually bring forth a knowing twinkle of the eye or a sympathetic smile. It should be apparent to the most ardent supporter of the program that bona fide consumer interest has failed to develop. It should be apparent that our responsible public officials should be doing more important things than writing specifications for panty hose or the size of lettering on a can of sardines.

Apparently, the consumer already knows that any remedial action he deems necessary is most directly accomplished as a result of his actions in the market place. He also knows that the market place respects his actions whether he is in the minority or with the majority. He does not expect to impose his consumption values on his neighbor, any more than he expects his neighbor's values to be imposed on him.

The Office of Consumer Affairs, in order to demonstrate public concern, claims the receipt of over 40,000 consumer complaints a year. That sounds like a lot of unhappy people, but how significant is it when you consider that it amounts to one complaint per 15 million dollars of consumer expenditure per year? Anyway, it is my guess that bona fide complaints far, far exceed this number but that they are sent to those who can do something constructive about it – not to places where only punitive action can be anticipated.

Unhappy Consumers Vote "No"

All of us have had unsatisfactory experiences with products. Not only have we been misled at some time or other, but many times products have failed to perform or come up to our expectations. Thinking people must recognize that this is part of the price we pay for being the wealthiest and most productive nation in the world, part of the price we pay for progress, development, and improvement. We learn by making mistakes. Every year, thousands of new products and services reach the market; and for every new one, thousands are withdrawn – rejected by the consumer. We can, if we desire, avoid these costly and wasteful errors. We can protect the consumer, but do we really want to close the market and forego all improvements in products and services? Do we really want to substitute administrative dictate from Capitol Hill for individual buyer decision?

Regardless of any new agency that might be created to represent the consumer, and regardless of the growth of consumerism, the only true reading of the consumer is to be obtained from her actions

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in the market place. There can be no true spokesman for the consumer other than the actions of the consumer herself. She can rationalize her actions but, try as she might, she cannot explain them in full. That is why she cannot tell you what new or modified goods and services would better serve her needs. In marketing research I have spent the better part of my life ringing consumer doorbells in a futile effort to get them to tell me how some product or market service can be improved or what new products or services they want, only to find that in our conversation they failed either to visualize their alternatives or identify the true values to which they in final analysis respond. The consumer, in her mute but effective way, can only bring all her value considerations to bear in response to what is offered her. She has her own built-in protective device. If you displease her – if you do not offer her the best alternative – if indeed you deceive her in terms of her own values, she simply and quickly votes "no" in the market place. That is the miracle of the free market – the miracle the consumerist refuses to recognize.

IDEAS ON LIBERTY

Long Range Consequences

THE ECONOMIC CONSEQUENCES of socialism are fairly obvious, and they have been dealt with at length and competently by a number of economists. Government gets into business and industry in a big way, as a producer itself and as the major consumer for industries tied in with government spending. But important as these economic effects are, collectivization has long range consequences of far deeper significance. Political control and direction of economic life, even under the noblest of auspices, carries with it demands and imperatives which are hard to reconcile with the basic assumptions which lie at the foundation of our culture and our institutions.

BEN MOREELL, *The Admiral's Log*

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PAUL H. JACOBSON

ON INSTITUTIONAL SENESCENCE

This article by Mr. Jacobson, from Fairway, Kansas, first appeared as a Letter in the Wall Street Journal *of September 30, 1970. It is reprinted here with his permission.*

JOHN GARDNER's new social initiative "Common Cause," the subject of "Gardner's Temperamental Imperative" (Aug. 31), touches on a more fundamental issue than his proposal or your article suggest. Both proceed from the assumption that most, if not all, of our major problems lend themselves to solution by new or existing institutions, and from a basic belief that institutions, and institutionalization of our lives, are always the first weapons to reach for in attacking our problems.

All this is very much consistent with today's generally accepted American social theory. This body of social wisdom states further that only institutions with broad, preferably national, influence and a cloak of intellectual grandeur deserve much attention or following. In the atmosphere of social self-consciousness prevalent in recent years, we have seen a proliferation of institutions, followed inevitably by their attendant bureaucracies bearing elaborate, theory-laden, empirically untested programs in social experimentation.

Another view, however, holds that we are excessively preoccupied with our institutions; that we have transferred ever increasing responsibility for the outcome of our personal existences from individuals and small groups to our institutions, and in the process have burdened our institutions with exorbitant expectations; this has led inevitably to disappointment and apathy or, worse, rebellion. Further, this view holds,

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our preoccupation leads us to cling with a death grip to useless or outworn institutions, following the lead of groups with residual special interests in them, rather than permitting them a quiet death and a decent burial.

Emphasis on Collective Action

The decade of the 1960's was characterized by an unprecedented effort to use the power of institutions, mostly Federal agencies, to bring about the most far-reaching and fundamental control ever attempted over our social and economic environment. Not since the New Deal have we indulged in a comparable binge of institution creating, focusing above all on national institutions and national uniformity and standardization in goals and objectives. All this was propelled by a contagious feeling of intellectual confidence in our ability to apply self-conscious, collective effort to the solution of virtually any major social problem. It was simply a matter of identifying the correct levers and pressure points and applying the weight of our newly created (or resuscitated) institution, whereupon society would respond as predicted.

If any fact is apparent in 1970, it is that society did not respond as predicted and that the bold social and economic experiments of the sixties fell far short of their goals. Most of the experiments had little effect in the end on the problem attacked (despite some legal progress, basic racial antagonism is more truculent than ever), and some were downright counterproductive (vigorous economic growth, stimulated by deliberate government action, burned itself out to become rampant inflation). Only the most insensitive politician nowadays fails to recognize that a substantial part of his constituency has lost confidence, not perhaps so much in him as in the institutions he represents. We are no longer surprised at school bond issues rejected, at light voter turnout at the primary polls, at discontent and high turnover in the newer, socially involved Federal bureaucracies. Indeed, the ironic footnote to a decade of unprecedented institutional activism seems to be the fact that large numbers of Americans have not only lost confidence in our institutions, they appear to have lost interest in institutions in general.

Mr. Gardner is correct in assessing the present state of our society as a case of "institutional decay." However, it would be more correct to say that we are living in an age of advanced institutional gigantism of a kind that ordinarily signals the senescence of a species. The implied analogy to animal ex-

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tinction is more apt. The dinosaurs, impressive beasts that they must have been, no doubt lived, toward the end, in a very delicate ecological balance with the world around them. They were most likely victims of rather subtle environmental transformations to which they were unable to adapt. The most successful and durable of the species to follow them were typically small, mobile, adaptable, and unspectacular.

Giants in Trouble

Examples of the institutional gigantism-senescence syndrome abound in our government and society. Prominent bureaucracies, notably the Pentagon and the various regulatory agencies, demonstrate well-known leviathan characteristics. One need only live in or near a major city like New York for a period of time to realize that the institution (taking the word in its wider meaning) of the sprawling metropolis is quite literally beyond human control, unable to provide a safe, let alone pleasant, environment for its hapless inhabitants.

The demise of the Penn Central is an interesting case where a last ditch attempt at adaptation was made; although it is now clear that at least some of the fate of this giant organization was attributable to mismanagement, the Penn Central was doing one thing that may in other times and other hands have saved it – taking steps to get out of the railroad business. Of course, not all cases of institutional or species senescence are accompanied by enlargement of individual constituents. The family farm in America has simply failed the requirement of adaptation despite massive attempts at subsidization to keep it alive.

Interestingly, the analogy of animal evolution seems to follow through in adumbrations of developments in organizational behavior in America today. There appears to be a tendency in these times, concurrent with the decay of our standard institutions, for small, often ad hoc organizations to develop to meet specific needs. There is reason to think that this will turn out to be a far more efficacious organizational response to the increasing complexity and velocity of change in our modern social and economic environment than the increased centralization and concentration of power we have come to expect.

Business began some years ago testing the concept of decentralization in an attempt to come to grips with gargantuan organizations that were showing signs of hardening of the arteries, and the success of this concept is no longer disputed. For all the sound and

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fury introducing the various new Federal programs and bureaucracies designed to aid the disadvantaged during the sixties, black people, the primary target of this plethora of altruistic fervor, today have little but scorn for any involvement whatever on the part of whites in their affairs. Their primary confidence and loyalty seem now to lie with local, black-managed organizations that have developed rather spontaneously to meet specific, empirical needs of local communities. Organizations of this kind are not characterized by a great deal of formality or intellectual edifice and need little help from self-appointed reformers or organizational theorists. They simply work, they fulfill their intended function, and they are — once again — typically small, mobile, adaptable, and unspectacular.

Decadent Institutions Should Wither Away

Institutions for which there is a clearly identifiable, pressing need will have no struggle for survival. On the other hand, the only rational thing to do with those institutions that have outlived their usefulness, or proven their uselessness, is simply to let them fade away, perhaps with a little help. This may mean resisting the demands of many of our activist politicians to tie our gasping cities into financial heart-lung machines, throwing much good money after bad. It may mean relegating rail passenger service, or other forms of rail service for that matter, to the history books if commercial demand is insufficient to support them without subsidy crutches. It may mean repealing laws and dismantling bureaucracies that serve no useful purpose beyond self-perpetuation or supporting special interests.

American society is cluttered today with institutional deadwood, and we shovel much sand against the tide, so to speak, in our attempts to protect those among our institutions that deserve to wither away. In our passion for imposing uniformity and standardized conditions everywhere, we have vastly overestimated the number and magnitude of problems which really demand national attention and impressive institutions to tackle them; we have allowed ourselves to be smothered in a stifling excess of institutional mother love. We have forgotten that laws enacted, institutions created or expanded, so often call for new restrictions of individual liberty, new reasons for expropriating more personal property (taxation), not just the unmitigated, manna-from-heaven benefits proclaimed by our politicians. So we continue to rush forth to embrace

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every opportunity to barter away a portion of our liberty for a vague promise or a fear assuaged.

Liberty a Better Cause

Mr. Gardner's Common Cause would bring us a continued preoccupation with our institutions and their resurrection. I suggest that a more appropriate, and far more pressing, "common cause" today is the task of rebuilding personal liberty before it too becomes extinct. Champions of this cause are not now to be found in prominent places or great numbers. Those who call themselves "liberals" (an ironic degradation of a namesake from an earlier age) continue to clamor for greater collectivization of our lives by trying to convince us that somehow life, if left to their management, will provide something for nothing. The so-called "conservatives" seem to become more enamored of repressive use of police power every day; some of the more extreme among them, if pressed, will allow as how perhaps we should be preparing some sort of "work" camps (substitute "concentration") for shiftless hippies and students, black rabble-rousers and other malcontents.

The "common cause" of a reemphasis and rebirth of individual freedom probably shares with Mr. Gardner's Common Cause the kind of largely cerebral appeal that makes it difficult for its proponents to generate the irrational fervor that usually provides the motive force for popular social missions. Perhaps we can only hope that there are enough troubled people left who realize that any government, democracy included, that does not dedicate itself first and foremost to the protection and advancement of individual liberty will end in tyranny.

IDEAS ON LIBERTY

Imprisoned Ideas

WE MUST be Servants of the Spirit, not Prisoners of the Organization. We must keep in touch with the sources of life, not lose ourselves in its temporary vehicles. And whenever the demand of the spirit, the categorical imperatives of the soul, conflict with the demands of the organization, it is the first to which we must listen. But all this was said long ago. It is all contained in one of the legendary sayings of Jesus, and bears all the marks of authenticity:

"This world is a bridge. Ye shall pass over it. But ye shall build no houses upon it."

W. J. BROWN, from *The Spectator*, September 19, 1947

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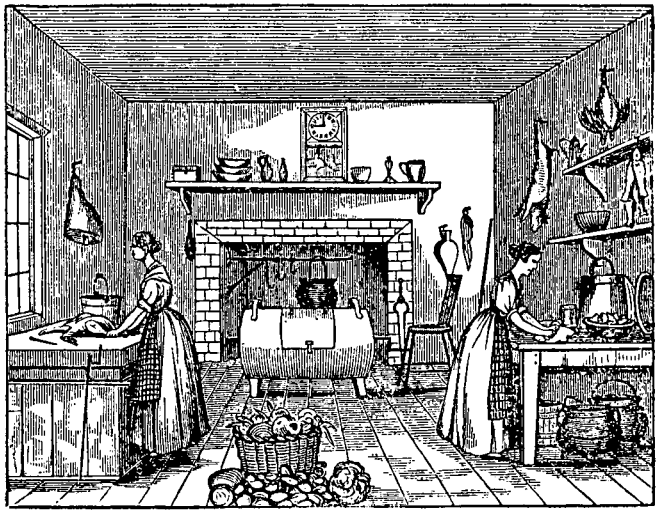

Courtesy of Old Sturbridge Village

The Liberation of Women

THOUGHTS ON READING SOME OLD COOKBOOKS

BETTINA BIEN

"VIVE la différence," say the French in referring to the difference between the sexes due to physical and physiological causes. This difference can be a source of delight to those free to enjoy it, but can generate ill-feeling and friction between the sexes if they are compelled by law to ignore it.[1] Our physical and physiological characteristics are bound to

[1] For a discussion of some effects of prohibiting discrimination on the basis of sex in economic dealings, see Gary North's "The Feminine Mistake: The Economics of Women's Liberation," THE FREEMAN, January, 1971.

Miss Bien, a member of the staff of the Foundation for Economic Education, enjoys and appreciates the modern aids to homemakers.

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have economic consequences, which will persist so long as human life continues as we know it.

Legal and political rights, without distinction as to sex, have been recognized gradually by the governments of most civilized nations of the world. By legislation and common law decisions, women have acquired freedom on a par with men to act, own property, and make contracts in their own behalf. (This freedom is being eroded by the present trend toward socialism – to the disadvantage of both men and women. Special government privileges and subsidies, progressive taxation, legislation limiting the right of contract, hours of work, and so on, have already seriously interfered with the rights of property owners and the freedom of contract. But this is another story.) For all practical purposes, laws now deal with men and women pretty much the same.

Economic Opportunities

In recent decades, economic and professional opportunities have been opened to women. Step-by-step, insofar as social customs have permitted, and within the limitations imposed by the "différence" between the sexes which at least the French appreciate, women in this country are relatively free. They may now compete with men, each to the extent of her abilities, in seeking their chosen goals – economically and professionally.

The tremendous advances, which have made it possible for women to achieve recognition as persons – legally, politically, economically, and professionally – are undoubtedly due in large part to capitalistic contributions. Savers, inventors, and producers, operating in a relatively free market economy risking their own private property in the hope of profit, supplied the goods and services which have freed women from the daily drudgery and heavy manual labor expected of them for centuries simply to fulfill their roles as sexual companions, mothers to their children, and homemakers for their families. The improved production and preparation of food, more efficient transport, better retail outlets, and inventions of modern household appliances have given women more time to pursue interests outside the home.

In this day of push button kitchens, automatic timers, electric refrigeration, home freezers, mechanical beaters and choppers, prepared foods and instant mixes, a housewife cannot begin to conceive of the many strenuous chores her grandmothers and great-grandmothers coped with daily. Imagine a home without heat or electricity. Imagine a kitchen with-

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out a stove, refrigerator, or running water. Suppose there were no corner stores or supermarkets with milk, butter, bread, meat, vegetables, or soap. Think of a life when each family had to grow its own food, gather the fuel to cook it, tote all water, produce the textiles, and sew, patch, and mend the family clothing.

Early Household Hints

Early cookbooks offer helpful hints to save the housewife's time and energy, hints which no modern bride need consider. For instance, keep kettles of water, both hot and cold, handy always in the kitchen. Pine wood is an economical fuel for heating ovens but hard wood makes much hotter coals. Lamps will have a less disagreeable smell if you dip your wick-yarn in strong hot vinegar, and dry it. Teach children to prepare and braid straw for their own bonnets, and their brothers' hats. Fresh meat brought into the house should be carefully covered from the flies, put in the coldest place in the cellar, and then cooked promptly – especially in summer. Save all the nice pieces of fat to make lard, and put those that are not so nice into the soap grease.

The earliest cookbooks and housekeeping manuals appeared only about 200 years ago. Few women could read before then; and how-to-do-it information, so much of which was needed to run a household smoothly, was passed along by example and by word-of-mouth.

Firing the Oven

One early cookbook published in this country was *The American Frugal Housewife* by Mrs. Lydia Maria Childs (12th ed., 1832). The housewife of that day cooked over an open fire, roasted meat on a spit, or baked in a reflecting oven before the fire or in a brick oven built in the chimney. To fire up the oven was such a chore that one or two days a week were set aside just for baking. With good planning, five successive bakings could be done in the oven with one heating: "The bread first – then the puddings – afterward pastry – then cake and gingerbread – and lastly, custards." This last suggestion comes from Mrs. M. H. Cornelius, whose book, *The Young Housekeeper's Friend,* appeared in 1859. At the time she wrote, brick ovens were going out, cooking stoves and ranges coming in. Yet, boiled dinners, stews, soups, and steamed cakes and puddings prepared on top of the stove were still more popular with the cooks than cakes which called for firing up the oven.

In 1832, Mrs. Childs wrote for

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the rural housewife who had her own vegetable garden, a few fruit trees, and chickens. The whole family shared in the household chores, of course, and most housewives had extra help from a hired girl or a female relative living with the family. Yet, the responsibility for the work was the housewife's. She grew the herbs for flavoring, gathered the eggs, and ofttimes milked the cow. She baked with yeast of her own making, or used eggs or baking soda and cream of tartar for leavening – baking powder was not for sale until about 1850. She did the family's cooking, and did it all with crude utensils. She beat eggs with a fork or a wire whisk, and elbow grease – the rotary egg beater did not come into general use until the second half of the nineteenth century.

Housewives had to bake the family's bread regularly. This meant mixing the dough, usually in the evening, setting it to rise overnight, and kneading it "very thoroughly." Mrs. Cornelius wrote, "A half an hour is the least time to be given to kneading a baking of bread, unless you prefer, after having done this till it ceases to stick to your hands, to chop it with a chopping-knife four or five hundred strokes. An hour's kneading is not too much." Bread was the staff of life and good bread was a source of pride to the housewife.

Lack of refrigeration was a continual challenge. The housewife took care to use things before they spoiled or to find satisfactory ways to preserve them. Before the canning industry developed in the late 1800's, she had to preserve fruits and vegetables in season to be assured of provisions year round. In 1859, Mrs. Cornelius advised putting preserves in wide-necked bottles, pasting paper over the tops, and then brushing egg white over the paper with a feather to seal the bottles and discourage mold.

First, Get a Cow

The nineteenth century housewife had to be a Jill of all trades. The industrial revolution with its increased specialization and division of labor barely ruffled the surface of traditional housekeeping practices. The 1859 housewife purchased a few more household items than her grandmother could have in 1832. But she still had to kill her own fowl, cut up the family's meat, salt it, smoke it, or otherwise cure it and keep it safe from bugs and animals. To be sure of good dairy products, she was told: "The first requisite is to have a good cow." Keeping a cow added to the household chores. Someone had to feed the cow and milk her, day in and day

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out, set the milk for the cream to rise, and churn butter at least twice a week. Without refrigeration, keeping milk, cream, butter, and dairy utensils sweet was a continual worry. Now that dairy products are sold in stores, packaged and ready to use, men do most of this heavy manual labor on a mass production basis, using methods developed and equipment produced with the aid of increased savings and investments.

Doing the family wash was another backbreaking chore in the nineteenth century. First the soap had to be prepared from lye made out of wood ashes, and fat and grease saved from cooking. The water had to be toted and heated, heavy wash tubs filled, with countless trips back and forth to the stove. After the clothes were sorted, the finest and less soiled things were washed first, the coarser and dirtier items later in the same water. Most pieces were scrubbed by hand on a washboard. The white things were boiled. After washing, rinsing, boiling, wringing, bluing, and starching as necessary, the clothes were wrung and hung outdoors on a line. Doing the family wash took another full day of the housewife's time.

Ironing consumed most of a third day each week. The flat irons and special "polishing irons" for final touchups had to be heated on the stove and reheated again and again as they cooled.

Then Came Automation

The kitchen stove or range using wood or coal gradually came into use in the mid-nineteenth century. These had advantages over the open fireplace and the brick oven. With the use of gas and the construction of gas lines in the late 1800's, new cooking jets became available – gas ovens came considerably later – making meal preparations a little easier. The development of electricity, refrigeration, large scale specialized farming, improved transportation, professional bakeries, and the expansion of retail outlets have further liberated women from the grueling household labor which had been their lot in life. Automatic washing machines and dryers have taken the drudgery out of doing the family wash. Moth-proofed woolens and new miracle fibers have simplified the care of the family's clothing. Vacuum cleaners, floor polishers, and local dry cleaning establishments help to keep homes and their furnishings clean the year round, doing away with the need to scour the house and everything in it from top to bottom spring and fall. Refrigeration and other effective ways of preserving foods have freed the fam-

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ily menu from dependence on the season. When compared with her nineteenth century counterpart, the modern housewife is truly liberated from grinding household drudgery and endless kitchen chores.

When a housewife presses a button or turns a switch on a modern household appliance, she has at her command the labor of countless specialists – savers, investors, inventors, producers, and merchants – each of whom then helps with her daily chores. In effect, they help tote the wood when she turns up the thermostat. A twist of the faucet draws the water. Turning a dial will fire the oven. A push-button machine will wash, rinse, and wring the weekly wash. With a trip to a grocery store, the housewife can in effect grow the family's food, milk the cow, churn the butter, make the cheese, gather the eggs, knead and bake the bread, grind the spices, kill the poultry, cure the meat, preserve fruits and vegetables, and make the soap.

Capital, the Key

Each person in the world differs from every other person. Thanks to these differences, everyone benefits if each of us is free to concentrate in the field of his (or her) greatest aptitude and interest. There is some specialization and division of labor even in small groups and primitive communities. But under capitalism, with private property and the freedom to move, invest, and exchange goods and services throughout large areas and among increasingly large populations, it has been possible to develop and exploit our differences more fully than ever before, to everyone's advantage. It was this complex economic system, developed on the basis of highly specialized division of labor, which liberated women from their traditional household chores.

Women are different from men – and always will be. The woman of the 1970's has gained recognition as an individual under law. She may own property, make contracts and, thanks to the development of capitalism, now has time to pursue her special aptitudes and interests outside the home and thus compete with men economically and professionally. Rather than trying to compel denial by law of the physical and physiological differences between the sexes, let's acknowledge and accept them philosophically as the French do: "Vive la différence."

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The Medical Market Place

A. R. PRUIT, M. D.

WHAT is the state of the market, what are the economic problems of the health industry today? Realistic appraisal of the current situation requires examination of the nature of the market prior to the onset of massive state intervention. So let us review the economic history of organized medicine in the United States. Was it an open market? If not, what kind of a market, and what factors led to its development?

American medicine was until about 1850 a free-wheeling, highly competitive, free market industry. Like the ministry in some religious denominations today, anyone who "felt the call" was free to hang out a shingle and declare himself available. The only restrictions were those put upon him by the quality and availability of the competition, and by the favor of the customers who dictated his rewards. Similarly, medical schools were easy to start, easy to enter. These schools taught every conceivable approach to health from the orthodox to the mystic. Many of the schools of this time were organized as profit-making institutions. Some were owned by the faculty. Some were privately endowed. Some were hardly more than diploma mills. Their quality and the quality of their products ran the gamut of the quality spectrum from excellence to quackery.

It is easy to understand why many of the finest men in orthodox medicine, those dedicated to the development of medicine as a science, would feel totally dissatisfied with this seemingly chaotic arrangement. One can only ap-

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plaud their desire to improve the over-all quality of medicine for the public benefit. Their problem was one of implementation. How can this improvement be accomplished? Can the people, through education or any other means, ever have enough special information to be able to recognize and choose quality care out of this hodgepodge of misinformation and charlatanism? Or, is human gullibility so great, and human ability to choose responsibly so frail, that some means must be found to protect individuals from their own folly and insure the delivery of what we know to be the highest quality care? Who is to be responsible: man or the state? That was their basic question. This troublesome but fundamental question lies at the root of every sociopolitical problem which faces us today. The men in medicine did not believe that man could be responsible. Their answer: the state. They believed that orthodox medicine should seek the sanction and protection of the state to help shield the people from their inability to choose responsibly.

Origin of the A.M.A.

The American Medical Association was organized in 1847 and committed itself to two propositions which, when fulfilled, would improve the over-all quality of American medicine. But these same propositions led to sharp restriction of the medical market place. From a free market, it quickly changed to what many economists call a discriminatory monopoly, which simply means a market place which favors, invariably through legislative fiat, one competing group over all others. How did this come about?

The two propositions were (1) that medical students should have acquired by the time they were ready to practice a "suitable education"; and (2) that a "uniform elevated standard of requirements for the degree of M.D. should be adopted by all medical schools in the U. S." What would be "suitable" and "elevated" was to be determined by a consensus of the best minds within the organization.

Certainly, these laudable goals of themselves could have no possible bearing on medical economics. What did bear on the medical market place, however, was the method of implementing those propositions. The method was to exclude, by state intervention, all undesirable or unqualified competition: first, by licensure of only qualified M.D.'s, and second, by control, through the state mechanism, of medical school standards.

These objectives were achieved in two stages. It took the A.M.A.

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fifty years to convince all state legislatures that licensure was necessary, but by 1900 this goal was accomplished. The states in turn delegated the power of licensure to organized medicine through the State Boards of Medical Examiners, all of whom were members of orthodox medicine. Subsequently, control of standards of medical schools was accomplished comparatively quickly following the now famous Flexner Report in 1910. With licensure already in effect, it was a simple matter to change the rules of the State Examining Boards to consider only graduates of medical schools which were approved by the A.M.A. and/or the Association of American Colleges, whose lists were identical. A short time later, these controls were extended to many of the hospitals of the country by defining standards for hospitals eligible for internship and residency programs. Today, through the efforts of the Joint Accreditation Commission, these controls have been extended to all the hospitals in the country. The delegation of these powers by the state, making A.M.A. a quasi state agency, gave it complete control over entry into the practice of medicine as well as control over access to the nation's hospitals. It is this control over entry and access that prompts Prof. Milton Friedman of the University of Chicago to call the A.M.A. the most powerful trade union in the world. Control over entry and access is also the reason other economists call the health industry a discriminatory monopoly.

Monopoly Practices

Viewed in the light of the current acute shortages of physicians, the successful argument deriving from the Flexner Report is ironical. In brief, the argument held that America was suffering from an overproduction of doctors and that it was in the public interest to have fewer doctors who were better trained. It was recommended, therefore, that a substantial fraction of the medical schools be closed; that standards be raised in the remainder and admissions be sharply curtailed. This is to say, in effect, that the public should be protected against the consequences of buying medical services from inadequately trained doctors by legislating poor medical schools out of business—as if all could have Cadillacs if Fords were outlawed.

Whatever names one may apply to the industry or to the A.M.A., it is a fact that the number of doctors produced by the medical schools has remained relatively static for many years despite a rapidly increasing population. In

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1910 when the Flexner Report was published there were 23,300 medical students in the United States and the total population was roughly 100,000,000. Today, there are 35,883 medical students, to serve a population of approximately 200,000,000. The effort to upgrade the quality of medicine, by controlling the standards required of medical schools, has resulted in a sharp decrease in the number of medical schools available to the students. In 1910 there were 162 medical schools in the United States. By 1920 this number had been reduced to 85; by 1930 to 76; and by 1944 it reached a low of 69. It seems clear, then, that control over entry has resulted in a restricted and controlled medical market with the number of physicians, as well as the medical schools, in chronically short supply.

When Demand Exceeds Supply, Prices Tend to Rise

It is axiomatic that when demand exceeds supply, other factors being equal, the price of the goods or service in demand also increases. It is also true that when standards of quality are elevated, the price of the better quality product is also elevated. A Cadillac necessarily costs more than a Ford. To know that these laws have held true in medical economics, we only need remember that the medical profession has become one of the highest paid of all the professions – thus reflecting the relatively higher costs of medical care to the general public. Ordinarily, however, one would expect, in a market where supply is so severely restricted, a much greater cost differential than there has been. The medical profession has been able to deliver quality medical care to the general public, rich and poor, at prices within the reach of any who needed care.

There were many mitigating factors which made this possible. Once the barriers to entry into the profession were overcome, the individual physician was free to practice when, where, and how he pleased. There was no Board of Directors making decisions for everyone. Competition with his fellow physicians helped to keep his prices down and the quality of his care high. Contract with each patient through "fee for service" demanded his personal involvement with the singular problems of the individual, the essential ingredient in quality medical care. The ancient Hippocratic tradition that care would be provided regardless of ability to pay was an extremely important factor. Freedom of choice by the physician and by the patient, community respect and its derivative, the

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sense of responsibility to the community, all played important roles. The success of the system depended precisely upon the fact that it was *not* an organized business entity. There were no police committees like peer review, or utilization review. Competition, contract, and freedom of choice provided all the restraints that were necessary.

This, then, is an economic overview of the American medical system prior to the advent of government inflation of the nation's supply of money. It was not a perfect system. There are no perfect systems this side of heaven, in spite of the contrary declaration of the planners of the American utopia. But that system functioned brilliantly enough to bring American medicine into world-wide esteem. It is the very nature of this high quality but severely restricted and inelastic supply market and of the control mechanisms which sustain it, as outlined here, which makes the system so vulnerable to massive intervention. At the same time, the system raises almost insurmountable obstacles in the way of those who are totally opposed to this intervention and to the philosophy which prompts it. Whoever controls entry and access has the power to control the economic destiny of every physician in the industry if he chooses to use that power.

The Impact of Inflation

Inflation is one of the most devastating, destructive, and demoralizing forces which can be imposed on a civilized society. The distortions and dislocations which it produces are so numerous and occur in such rapid succession, that the adjustments and rearrangements which society would achieve under normal growth conditions now become impossible of achievement, thus creating permanent dislocations and maladjustments with social disintegration the ultimate result.

Most of the dislocations and maladjustments which are chronic problems in the health industry today are directly or indirectly an aftermath of inflation. The increase of doctors in the cities and their decline in small towns, the growth of specialists and the decline of generalists, the increase in emotional and social problems and the decline and distortion of social values and standards, are but a few of the multitude of distortions and dislocations which are aggravated by, or caused by, a continuing general inflation. I mention here these effects of general inflation because of their bearing on problems to be discussed later.

For discussion purposes, the health industry can be considered as an isolated economic unit which

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functions within itself in exactly the same way that the national economy does. As such a unit, it is subject to the same laws of the market place. Such an economy tends toward a state of equilibrium between supply and demand, and the prices of goods and services to the consumer are reflected in this equilibrium by remaining fairly stable.

If, in this state of relative equilibrium, there is an intrusion of hitherto unavailable money, there occurs an immediate disequilibrium. In the general economy the increased demand caused by the influx of new money is met (at least for awhile) by an increase in productivity and a rise in prices, which tends to return the market toward a state of equilibrium again.

As long as the producers can profitably increase their productivity by raising their prices, then supply and demand will continue to tend toward equilibrium.

This holds true for the general economy and it holds true for the health industry as long as the inflation is general. But when a massive increase in the supply of money is suddenly injected into the isolated economy of the health industry, there is an entirely different situation. The health industry can cope with general inflation because its internal equilibrium is not greatly disturbed. However, when a secondary inflation is imposed on the industry by a sudden vast increase in the supply of money within its isolated economy, the disequilibrium which occurs between supply and demand has immediate and serious consequences throughout the industry. The medical market cannot react as the general market reacted for the obvious reason that in the general economy, supply has been relatively flexible and could adequately respond to demand; but in the medical economy, supply, particularly in the vital area of physician's services, is relatively inflexible and cannot respond adequately to great increases in demand.

Subsidies to Medical Schools

The first major intrusion of government into the health industry began with World War II and the subsidization of medical schools. This intrusion did not cause an immediate disequilibrium in the medical market. It was concentrated in the area of what may be termed a producer's market and had no appreciable direct effect on consumer demand. However, when coupled with some of the consequences of general inflation, it did cause major changes in the distribution of physicians, thus affecting their supply in the

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vital area of service to the consumer.

The initial effect of the use of fiat money to subsidize medical schools was to cause an inflation of research activity. While this increased activity did serve to increase (inflate) our knowledge and technical ability in many areas, it had other, far-reaching and less salutary, effects. There was, first of all, a great increase in the size of the faculty of medical schools. With continued subsidization, and through the device of tenure, the number of teachers and research fellows tended not only to grow but to become permanent, thus greatly increasing the costs. Since the chief source of funds from the government was earmarked for research purposes, the schools tended to be diverted from their main purpose—to teach students — and to become more and more preoccupied with research. As the research programs grew, more and more physicians were diverted into research, thus adversely affecting the supply available for private practice.

The availability of fiat money in this area, along with the rapid growth of population and the increasing demand for medical services, did increase, very slowly, the number of medical schools and the total number of medical students. In 1944 there were 69 medical schools. By 1969, their number had climbed to 99. Interestingly enough, though hardly surprising, every medical school in America is now dependent upon the Federal government for more than 50 per cent of its income. Some, I am told, receive as much as 85 per cent. The medical schools of America can no longer survive without continued government support. The total number of medical students attending the various medical schools by 1969 had risen to 35,883, an increase of about one-third over 1950. I have been unable to obtain any exact figures on the number of these graduates who enter private practice. However, John Gardner, former Secretary of Health, Education and Welfare, in his 1967 Report to the President on medical costs made this statement: "It is estimated that in the period 1950-1965 the demand for physician services increased by at least 41 per cent, probably considerably more. Meanwhile, the total supply of active physicians increased by only about 31 per cent, *while the supply of physicians in private practice increased considerably less.*" (Emphasis added.)

Walter McNerney, writing recently on medical costs, calculated that: "If we double the output of American medical schools today and keep all other factors con-

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stant, it will be 30 years before we double the total number of physicians in the country."

Supply in the medical market place is, indeed, inelastic.

Thirty years of war and the continuous mobilization of huge numbers of men in the armed forces; the tremendous growth of bureaucratic health agencies, state and Federal; the mushrooming of research programs in the medical schools and in the so-called "think tanks"; all of these, made economically possible only because of fiat inflation of the money supply, have increased the demand for physicians. The entry of doctors into these artificially created areas of demand has, in terms of the supply available to private practice, negated completely the increased production of physicians by the medical schools.

Controls Upset Balance Between Demand and Supply

The net result of government intervention in medical education has been (1) the Federal government has gained virtual control of medical education; (2) in terms of an increasing demand for services there has been a relative decrease in the supply of physicians available to render services through entry into private practice.

The passage of the Hill-Burton Act initiated the second major intrusion by government into the medical market. The rapid increase in the number of hospitals which resulted, coupled with the growing demand for medical services generally, caused a hyper-acceleration of demand for trained auxiliary medical personnel of all kinds. Supply of personnel has not been adequate to meet the demand, and a spiral of wage increases has resulted throughout the industry. It is significant, as a reflection of this disproportionate increase in cost, that until the advent of Medicare, hospital fees were the only prices throughout the health industry which increased significantly faster than price levels in the general economy.

According to Mr. McNerney, "over 60 per cent of health care costs are attributable directly to manpower." When one considers that nursing salaries have more than quadrupled in the last 25 years, that the salaries of other technicians have risen comparably, and that all wages are still rising, one can see immediately that the effect of special inflation within an industry where all technical help is in short supply is to put an exorbitant price tag on the services demanded.

With the advent of Medicaid and Medicare the already strain-

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ing health market was immediately forced into a state of marked disequilibrium. In this instance, vast sums of unearned and hitherto unavailable dollars were suddenly poured into the demand side of the ledger.

The immediate effect was not just an increase in demand. There occurred a psychological hyperinflation of demand. The consumer, released from all the restraints imposed by "cost" and "afford," develops, rather quickly, a whole new spectrum of complaints which demand attention. Chronic ailments which were not disabling, with which he had lived and been productive for many years without seeking medical aid, now become more and more emergent. He begins to demand attention for increasingly trivial complaints. His calls upon the physician become more frequent and his hospital admissions more frequent. He demands more sophisticated and more luxurious services and facilities than he was willing and/or able to pay for before. The physician once had difficulty keeping him in the hospital long enough; more and more the problem now is getting him to leave. As we have already proved, with the vast and never-ending expansion of welfare programs over the past 30 years, there is no end to the growth of needs and demands when they are unrestrained.

As long as the government continues to stimulate demand, and supply remains inelastic, acute shortages will continue and wages will continue to rise. Attempts to further improve efficiency by more mechanization and increased paramedical personnel will only increase capital investment and operational costs. Physicians and hospitals, who must pay their bills or close their doors, have no choice but to increase fees and to continue increasing them with each new spiral of wage, price, and tax increases. This, in general, is the situation in the medical market today. As long as inflation continues, this will remain the situation, and no combination of managerial talent under the sun can do anything constructive about it.

Further Intervention No Cure

What happens when the medical market, as seems likely, becomes a government controlled monopoly, administered by a politically oriented bureaucracy? It seems unlikely that the situation will improve under the least competent and least efficient form of administration which man has yet devised.

The only thing that can possibly be achieved by government inter-

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vention is a drastic reduction in the over-all quality of medical care at a tremendous increase in cost to the consumer. The program will be entirely dependent on a continuation of inflation in spite of massive increases in taxation for the already overburdened taxpayer, and in spite of wage and price controls which will be applied throughout the industry. The demise of competition, the eradication of "fee for service" contract between the physician and the individual patient, the distortion of freedom of action and freedom of choice, must all have an almost lethal effect on physician motivation and incentive. The art of medicine under these circumstances must degenerate into a sterile and grossly distorted caricature. There may, for awhile, be luxury care but the element of quality will, all too often, be lacking.

Lower the Standards?

The only possible way to adequately increase the supply of physicians under the present circumstances is to lower the standards of qualification. Just as the Registered Nurse shortage of the 1950's caused the development of Licensed Practical Nurse programs, so will the planners try to meet the physician shortage by the development of what should be, but will not be, called Licensed Practical Physician programs. The imposition of these programs will, in effect, turn the clock back about 70 years, as far as the over-all quality of medical practice is concerned. In the pre-Flexner Report era, however, the consumer had a free choice of quality. In our time the poor quality care will be imposed by the state. The vast majority of Americans will have to accept it. There will be no choice in the matter.

This is not a pleasant report. It is, I believe, an honest one. I cannot here attempt evaluation in depth of the many maladjustments which have accrued, not only from external influence and interferences, but also from our own past errors both of omission and commission in the management of our affairs. Further study and evaluation of these fundamental problems is, in my opinion, imperative. No useful purpose can be served by minimizing a serious situation. Just how serious our situation is becomes immediately apparent when we realize that the problems of medicine are but one set of symptoms of a disease which threatens our entire social structure.

There is no easy solution. Before we can understand effects, the causes in which they are rooted must be explored and identi-

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fied. Until we understand causes, we cannot hope to find effective solutions.

The situation is by no means hopeless. On the contrary, we have every reason to be hopeful. There is more awareness, more concern, more intensive study, more understanding of fundamental issues today than at any time in the past 30 years. Disillusionment with government policy, its profligate spending, its gross inefficiency, its monumental failure to improve society, is growing rapidly. Inflation cannot last forever. It must end, as historically it always has, in economic and social disaster, but this will not be the end of the world. Our form of government may not survive, but we will. If we know and understand enough, we can, in our turn, and in our sphere, help recapture a heritage which we have somehow lost.

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IDEAS ON LIBERTY

Free Medicine Can Make You Sick

SOCIALIZED MEDICINE includes government care of the sick and support for the family as well. If this support amounts to approximately the same as the man can earn from his own daily labor, he is tempted to be sick continuously. The temptation would be the greatest for people in low income brackets, illness actually being preferable to good health. This may sound strange, but doctors can observe the fact in their daily practice. Many people want to be sick, or sicker than they actually are, because material advantages in the form of compensations and liability payments are involved.

CHARLES G. JONES, M.D.

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The Lure of Nonprofitable Service

KURT V. LEININGER

A PRESSING QUESTION today asks where the young will channel their abundant energy. Civil engineers are worried that the influx of new engineers will not keep pace with the rising demand for engineering services. Yet they are in some doubt as to the best way of presenting the engineering profession to the young as an exciting field of endeavor. The best way would seem to show the young what engineers do, what they have the potential for doing, and the actual and potential rewards, monetary and otherwise. Instead, however, the alleged benefits of "nonprofits" and "public service" are frequently advanced to entice the young (particularly today's young) to enter engineering. A good example is a recent radio interview with a prominent engineering professor.

Discussing the future of the field of environmental sciences and engineering, the professor said that this is an attraction to the young because the work they will do won't "profit an individual industry" or "result in higher profit statements to a group of people who are anonymous" to the young. He went on to add that "one can work in the public sector and begin to see something of their efforts developing on the scene."[1]

Dissecting these comments, it appears that the young are urged to seek employment in an organization that can generate no profits, can provide no information to its investors as to the fate of their capital, and yet is able to provide

Captain Leininger is an Engineer at Edgewood Arsenal, Maryland. This article is reprinted by permission from the August 1970 issue of *Civil Engineering*.

[1] Quotes from the American Chemical Society News Service. Transcript #460.

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the opportunity for individual achievement. It is laborious to undertake to criticize these comments in the setting of the most affluent society on earth, but I think it is essential to do so.

Sign of Consumer Satisfaction

Profits generated by a free (or even semifree) enterprise system are the means by which the various producing segments of a complex society, employing a division of skills, can gauge their success in meeting the requirements of society. Profits mean that a company is successful in meeting consumer demand for its products; decreasing profits mean that the company's energy is misdirected and should be reoriented toward more urgent requirements. A producer operating with no profit, yet continuing to operate, can only stay in business at the cost of other producers who are making a profit. Ironically, a nonprofitable company must also rely on the profit system, to even compute that it has no profits.

At the most fundamental level, an individual employee who produces less than he requires for his livelihood can only continue to be employed at the expense of other employees who are producing more than they require for their immediate need.

Contrary to Karl Marx's view of the workability of "from each according to his ability, to each according to his need," this actually discourages the "able" from continuing to produce and rewards the "needy" for not producing enough to provide for himself. The net result is a leveling process where achievement is stifled and mediocrity or even sloth is the status quo.

This is the system held out as attractive to the young. The professor I quoted could be confronted with the question, why should the most able and profitable people keep producing, when their rewards, if any, are not proportional to their achievements? But he evades this consideration and blithely states that individuals will be able to see "something of their efforts developing on the scene" if they are not tied to the profit system. He is correct that results will be seen, but they will not be positive results, as any of numerous unprofitable government activities can attest (e.g., postal service, public housing, social security, and medicare).

Anything Worth Doing Should Be Done Profitably

The question now will be raised as to how we can say that the profit system applies to the broad field of public works and especially pollution control, even grant-

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ed that it applies to private industry (which I'm sure some would grant). The answer, perhaps glibly stated, is that it is still individual people who use the products of large engineering works. The fact that there are many people using a public work at the same time does not relieve the producer from making the best product at the lowest possible cost, which is the criterion for profitability. It is true that the field of pollution control is unique in that people do not use the products for their own direct benefit as much as to prevent their activities from harming other people. But this still requires a successful product. If a consultant designs an abortion, the word spreads and he's out looking hard for clients, or his plans are not approved by a state agency empowered to grant construction permits.

It makes sense that while the lure of "nonprofit" and "public service" is advanced by the civil engineering profession, engineering students will avoid the field, and turn to chemical or electrical engineering careers in profit-oriented organizations that offer the highest starting salaries. This could also explain why major technological advances in the pollution-control field are being forged by chemical engineers and others who are in private, "profitable" concerns.

If civil engineering is to draw the talent it sees as necessary, it must break away from the "lure to nonprofitable service" and emphasize the fundamental attributes of the profession. If this isn't sufficient, perhaps the broad civil engineering profession itself is outmoded, and the various specialties within the broad field require emphasis. In any event, if the profession can orient itself to the facts of reality (i.e., new demands, new technology, and the necessity of making profits), that in itself would draw people who then would have a new avenue to profitable achievements.

Profits

IDEAS ON LIBERTY

PROFITS . . . are the special creation of the ability, the know-how, the inventiveness, the foresight, the imagination, of the superior executive. They are, in effect, not added into price but *taken out of the cost.*

JOHN CHAMBERLAIN, *The Roots of Capitalism*

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HENRY HAZLITT

False remedies for poverty

FROM the beginning of history sincere reformers as well as demagogues have sought to abolish or at least to alleviate poverty through state action. In most cases their proposed remedies have only served to make the problem worse.

The most frequent and popular of these proposed remedies has been the simple one of seizing from the rich to give to the poor. This remedy has taken a thousand different forms, but they all come down to this. The wealth is to be "shared," to be "redistributed," to be "equalized." In fact, in the minds of many reformers it is not poverty that is the chief evil but inequality.

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These direct redistribution schemes (including "land reform" and "the guaranteed income") are so immediately relevant to the problem of poverty that they warrant separate treatment. Here I must content myself with reminding the reader that all schemes for redistributing or equalizing incomes or wealth must undermine or destroy incentives at both ends of the economic scale. They must reduce or abolish the incentives of the unskilled and shiftless to improve their condition by their own efforts, and even the able and industrious will see little point in earning anything beyond what they are allowed to keep. These redistribution schemes must inevitably reduce the size of the pie to be redistributed. They can only level down. Their long-run effect must

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be to reduce production and lead toward national impoverishment.

The problem we face here is that the false remedies for poverty are almost infinite in number. An attempt at a thorough refutation of any single one of them would run to disproportionate length. But some of these false remedies are so widely regarded as real cures or mitigations of poverty that if I do not refer to them, I may be accused of having undertaken a comprehensive analysis of the remedies for poverty while ignoring some of the most obvious.

What I shall do, as a compromise, is to take up some of the more popular of the alleged remedies for poverty and indicate briefly in each case the nature of their shortcomings or the chief fallacies involved in them.[1]

Unions and Strikes

The most widely practiced "remedy" for low incomes in the last two centuries has been the formation of monopolistic labor unions and the use of the strike threat. In nearly every country today this has been made possible to its present extent by government policies that permit and encourage coercive union tactics and inhibit or restrict counteractions by employers. As a result of union exclusiveness, of deliberate inefficiency, of featherbedding, of disruptive strikes and strike-threats, the long-run effect of customary union policies has been to discourage capital investment and to make the average real wage of the whole body of workers lower, and not higher, than it would otherwise have been.

Nearly all of these customary union policies have been disheartenингly shortsighted. When unions insist on the employment of men that are not necessary to do a job (requiring unneeded firemen on Diesel locomotives; forbidding the gang size of dock workers to be reduced below, say, 20 men no matter what the size of the task; demanding that a newspaper's own printers must duplicate advertising copy that comes in already set in type, etc.) the result may be to preserve or create a few more jobs for specific men in the short run, but only at the cost of making impossible the creation of an equivalent or greater number of more productive jobs for others.

The same criticism applies to the age-old union policy of opposing the use of labor-saving ma-

[1] I have examined most of these schemes in more detail elsewhere (chiefly in my *Economics in One Lesson* and in *Man vs. the Welfare State*) and must refer the interested reader to these and other sources for more extended discussion.

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chinery. Labor-saving machinery is only installed when it promises to reduce production costs. When it does that, it either reduces prices and leads to increased production and sales of the commodity being produced, or it makes more profits available for increased reinvestment in other production. In either case its long-run effect is to substitute more productive jobs for the less productive jobs it eliminates. Yet as late as 1970, a book appeared by a writer who enjoys an exalted reputation as an economist in some quarters, opposing the introduction of labor-saving machines in the underdeveloped countries on the ground that they "decrease the demand for labor"![2] The natural conclusion from this would be that the way to maximize jobs is to make all labor as inefficient and unproductive as possible.

Overtime Rates

A similar judgment must be passed on all "spread-the-work" schemes. The existing Federal Wage-Hour Law has been on the books for many years. It provides that the employer must pay a 50 per cent penalty overtime rate for all hours that an employee works in excess of 40 a week, no matter how high the employee's regular hourly rate of pay.

This provision was inserted at the insistence of the unions. Its purpose was to make it so costly for the employer to work men overtime that he would be obliged to take on additional workers.

Experience shows that the provision has in fact had the effect of narrowly restricting the length of the working week. In the ten-year period, 1960 to 1969 inclusive, the average annual workweek in manufacturing varied only between a low of 39.7 hours in 1960 and a high of 41.3 hours in 1966. Even monthly changes do not show much variation. The lowest average working week in manufacturing in the fourteen months from June, 1969 to July, 1970 was 39.7 hours and the highest was 41 hours.

But it does not follow that the hour-restriction either created more long-term jobs or yielded higher total payrolls than would have existed without the compulsory 50 per cent overtime rate. No doubt in isolated cases more men have been employed than would otherwise have been. But the chief effect of the overtime law has been to raise production costs. Firms already working full standard time often have to refuse new orders because

[2] Gunnar Myrdal, *The Challenge of World Poverty* (Pantheon Books, 1970), pp. 400-401 and *passim*.

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they cannot afford to pay the penalty overtime necessary to fill those orders. They cannot afford to take on new employees to meet what may be only a temporarily higher demand because they may also have to install an equivalent number of additional machines.

Higher production costs mean higher prices. They must therefore mean narrowed markets and smaller sales. They mean that fewer goods and services are produced. In the long run the interests of the whole body of workers must be adversely affected by compulsory overtime penalties.

All this is not to argue that there ought to be a longer work week, but rather that the length of the work week, and the scale of overtime rates, ought to be left to voluntary agreement between individual workers or unions and their employers. In any case, legal restrictions on the length of the working week cannot in the long run increase the number of jobs. To the extent that they can do that in the short run, it must necessarily be at the expense of production and of the real income of the whole body of workers.

Minimum Wage Laws

This brings us to the subject of minimum-wage laws. It is profoundly discouraging that in the second half of the twentieth century, in what is supposed to be an age of great economic sophistication, the United States should have such laws on its books, and that it should still be necessary to protest against a nostrum so futile and mischievous. It hurts most the very marginal workers it is designed to help.

I can only repeat what I have written in another place.[3] When a law exists that no one is to be paid less than $64 for a 40-hour week, then no one whose services are not worth $64 a week to an employer will be employed at all. We cannot make a man worth a given amount by making it illegal for anyone to offer him less. We merely deprive him of the right to earn the amount that his abilities and opportunities would permit him to earn, while we deprive the community of the moderate services he is capable of rendering. In brief, for a low wage we substitute unemployment.

But I cannot devote more space to this subject here. I refer the reader to the careful reasoning and statistical studies of such eminent economists as Professors Yale Brozen, Arthur Burns, Milton Friedman, Gottfried Haberler, and James Tobin, who have emphasized, for example,

[3] *Man vs. the Welfare State* (Arlington House, 1969), pp. 23-25.

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how much our continually rising legal minimum wage requirements have increased unemployment in recent years, especially among teen-aged Negroes.

The Mounting Burden of Welfare Plans and Taxes

In the last generation there has been enacted in almost every major country of the world a whole sackful of "social" measures, most of them having the ostensible purpose of "helping the poor" in one respect or another. These include not only direct relief, but unemployment benefits, old-age benefits, sickness benefits, food subsidies, rent subsidies, farm subsidies, veterans' subsidies – in seemingly endless profusion. Many people receive not only one but many of these subsidies. The programs often overlap and duplicate each other.

What is their net effect? All of them must be paid for by that chronically forgotten man, the taxpayer. In perhaps half the cases, Paul is in effect taxed to pay for his own benefits, and gains nothing on net balance (except that he is forced to spend his earned money in other directions than he himself would have chosen). In the remaining cases, Peter is forced to pay for Paul's benefits. When any one of these schemes, or a further expansion of it, is being proposed, its political sponsors always dwell on what a generous and compassionate government should pay to Paul; they neglect to mention that this additional money must be seized from Peter. In order that Paul may receive the equivalent of more than he earns, Peter must be allowed to keep less than he earns.

The mounting burden of taxation not only undermines individual incentives to increased work and earnings, but in a score of ways discourages capital accumulation and distorts, unbalances, and shrinks production. Total real wealth and income is made smaller than it would otherwise be. On net balance there is more poverty rather than less.

But increased taxation is so unpopular that most of these "social" handout schemes are originally enacted without enough increased taxation to pay for them. The result is chronic government deficits, paid for by the issuance of additional paper money. And this has led in the last quarter-century to the constant depreciation of the purchasing power of practically every currency in the world. All creditors, including the buyers of government bonds, insurance policy holders, and the depositors in savings banks, are systematically cheated. Once more

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the chief victims are the working and saving families with moderate incomes.

Yet everywhere this monetary inflation, eventually so disruptive and ruinous to orderly balanced production, is rationalized by politicians and even by putative economists as necessary for "full employment" and "economic growth." The truth is that if this monetary inflation is persisted in, it can only lead to economic disaster.

Price and Wage Controls

Many of the very people who originally advocate inflation (or the policies which inevitably lead to it), when they see its consequences of raising prices and money wages, propose to cure the situation, not by halting the inflation, but by having the government impose price and wage controls. But all such attempts to suppress the symptoms enormously increase the harm done. Price and wage controls, to precisely the extent that they can be made temporarily effective, only distort, disrupt, and reduce production — again leading toward impoverishment.

Yet here again, as with the other false remedies for poverty, it would be an unjustifiable digression to spell out in detail all the fallacies and evil consequences of special subsidies, improvident government spending, deficit financing, monetary inflation, and price-and-wage controls. I have myself dealt with these subjects in two previous books: *The Failure of the New Economics*[4] and *What You Should Know About Inflation;*[5] and there is, of course, an extensive literature on the subject. The chief point to be reiterated here is that these policies do not help to cure poverty.

Another false remedy for poverty is the progressive income tax, as well as a very heavy burden of capital-gains taxes, inheritance taxes, and corporate income taxes. All of these have the effect of discouraging production, investment, and capital accumulation. To that extent they must prolong rather than cure poverty.

Outright Socialism

We come now to the final false remedy for poverty to be considered in this article — outright socialism.

Now the word "socialism" is loosely used to refer to at least two distinct proposals, usually but not necessarily tied together in the minds of the proposers. One of these is the redistribution of wealth or income — if not to

[4] (Princeton: D. Van Nostrand, 1959.)
[5] (Princeton: D. Van Nostrand, 1960, 1965.)

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make incomes equal, at least to make them much more nearly equal than they are in a market economy. But the majority of those who propose this objective today think that it can be achieved by retaining the mechanisms of private enterprise and then taxing the bigger incomes to subsidize the smaller incomes.

By "outright socialism" I refer to the Marxist proposal for "the public ownership and control of the means of production."

Now one of the most striking differences between the 1970's and the 1950's, or even the 1920's, is the rise in the political popularity of Socialism Two – the redistribution of income – and the decline in the political popularity of Socialism One – government ownership and management. The reason is that the latter, in the last half-century, has been so widely tried. Particularly in Europe there is now a long history of government ownership and management of such "public utilities" as the railroads, the electric light and power industries, the telegraph and telephone. And everywhere the history has been much the same – deficits practically always, and in the main poor service compared with what private enterprise supplied. The mail service, a government monopoly nearly everywhere, is also nearly everywhere notorious for its deficits, inefficiency, and inertia. (The contrast with the performance of "private" industry is often blurred, however, in the United States, for example, by the slow strangulation of the railroads, telephone, and power companies by government regulation and harassment.)

As a result of this history, most of the socialist parties in Europe find that they can no longer attract votes by promising to nationalize even more industries. But what is still not recognized by the socialists, by the public, or even by more than a small minority of economists, is that present government ownership and management of industries, not only in "capitalist" Europe but even in Soviet Russia, works only as well as it does because it is parasitic for accounting on the world market prices established by private enterprise.

Too Much Taken for Granted

We are so accustomed to the miracle of private enterprise that we habitually take it for granted. But how does private industry solve the incredibly complex problem of turning out tens of thousands of different goods and services in the proportions in which they are wanted by the public? How does it decide how many loaves of bread to produce and

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how many overcoats, how many hammers and how many houses, how many pins and how many Pontiacs, how many teaspoons and how many telephones? And how does it decide the no less difficult problem of which are the most economical and efficient methods of producing these goods?

It solves these problems through the institutions of private property, the free market, and the existence of money — through the interrelations of supply and demand, costs and prices, profits and losses.

When shoes are in deficient supply compared with the marginal cost of producing them, their price, and therefore the margin of profit in producing them, will increase in relation to the price and margin of profit in producing other things. Therefore, the existing producers will turn out more shoes, and perhaps new producers will order machinery to make them. When the new supply catches up with existing demand, the price of shoes, and the profit of making them, will fall; the supply will no longer be increased. When hats go out of fashion and fewer are worn, the price will decline, and some may remain unsalable. Fewer hats will be made. Some producers will go out of business, and the previous labor and salvageable capital devoted to producing hats will be forced into other lines. Thus, there will be a constant tendency toward equalization of profit margins (comparative risks considered) in all lines. These yearly, seasonal, or daily changes in supply and demand, cost and price, and comparative profit margins, will tend to maintain a delicate but constantly changing balance in the production of the tens of thousands of different services and commodities in the proportions in which consumers demand them.

The Competitive Role

The same guide of comparative money prices and profits will also decide the kinds and proportions of capital goods that are turned out, as well as which one of hundreds of different possible methods of production is adopted in each case.

In addition, within each industry as well as between industries, competition will be taking place. Each producer will not only be trying to turn out a better product than his competitors, a product more likely to appeal to buyers, but he will also be trying to reduce his cost of production as low as he possibly can in order to increase his margin of profit — or perhaps even, if his costs are already higher than average, to meet his competition and stay in

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business. This means that competition always tends to bring about the least-cost method of production – in other words, the most economical and efficient method of production.

Those who are most successful in this competition will acquire more capital to increase their production still further; those who are least successful will be forced out of the field. So capitalist production tends constantly to be drawn into the hands of the most efficient.

But how can this appallingly complex problem of supplying goods in the proportions in which consumers want them, and with the most economical production methods, be solved if the institutions of capitalism – private ownership, competition, free markets, money, prices, profits and losses – do not exist?

The Baffling Problem of Economic Calculation

Suppose that all property – at least in the means of production – is taken over by the state, and that banks and money and credit are abolished as vicious capitalist institutions; how is the government to solve the problem of what goods and services to produce, of what qualities, in what proportions, in what localities, and by what technological methods?

There cannot, let us keep in mind, be a hundred or a thousand different decisions by as many different bureaucrats, with each allowed to decide independently how much of one given product must be made. The available amount of land, capital, and labor is always limited. The factors of production needed to make A are therefore not available for B or C; and so on. So there must be a single unified over-all decision, with the relative amounts and proportions to be made of each commodity all planned in advance in relation to all the others, and with the factors of production all allocated in the corresponding proportions.

So there must be only one Master Production Plan. This could conceivably be adopted by a series of majority votes in a parliament, but in practice, to stop interminable debate and to get anything done, the broad decisions would be made by a small handful of men, and the detailed execution would probably be turned over to one Master Director who had the final word.

How would he go about solving his problem?

We must keep in mind that without free competitive markets, money, and money-prices, he would be helpless. He would know, of course (if the seizure of the

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means of production has only recently occurred), that people under a capitalist system lived in a certain number of houses of various qualities, wore a certain amount of clothing consisting of such and such items and qualities, ate a certain amount of food consisting of such and such meats, dairy products, grains, vegetables, nuts, fruits, and beverages. The director could simply try to continue this pre-existing mix indefinitely. But then his decisions would be completely parasitic on the previous capitalism, and he would produce and perpetuate a completely stationary or stagnant economy. If such an imitative socialism had been put into effect in, say, the France of 1870, or even of 1770, or 1670, and France had been cut off from foreign contacts, the economy of France would still be producing the same type and per capita quantity of goods and services, and by the same antiquated methods, as those that had existed in 1870, or even in 1770, or 1670, or whatever the initial year of socialization.

It is altogether probable that even if such a slavishly imitative production schedule were deliberately adopted it would overlook thousands of miscellaneous small items, many of them essential, because some bureaucrat had neglected to put them into the schedule. This has happened time and again in Soviet Russia.

What Shall Be Produced?

But let us assume that all these problems are somehow solved. How would the socialist Planners go about trying to improve on capitalist production? Suppose they decided to increase the quantity and quality of family housing. As total production is necessarily limited by existing technological knowledge and capital equipment, they could transfer land, capital, and labor to the production of more such housing only at the cost of producing less food, or less clothing, or fewer hospitals, or schools, or cars, or roads, or less of something else. How could they decide what was to be sacrificed? How would they fix the new commodity proportions?

But putting aside even this formidable problem, how would the Planners decide what machines to design, what capital goods to make, what technological methods to use, and at what localities, to produce the consumers' goods they wanted and in the proportions they wanted them?

This is not primarily a technological question, but an economic one. The purpose of economic life, the purpose of producing anything, is to increase human satisfactions, to increase human well-

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being. In a capitalist system, if people are not willing to pay at least as much for the consumer goods that have been produced as was paid for the labor, land, capital equipment, and raw materials that were used to produce them, it is a sign that production has been misdirected and that some of these productive factors have been wasted. There has been a net decrease in economic well-being instead of an increase.

There are many feasible methods – crucible, Bessemer, open hearth, electric furnace, basic oxygen process – of making steel from iron. In fact, there are today a thousand technically feasible ways of making almost anything out of almost anything. In a private enterprise system, what decides which method will be used at a given place and time is a comparison of prospective costs.

And this necessarily means costs in terms of money. In order to compare the economic efficiency of one productive method with another the methods must be reduced to some common denominator. Otherwise numerical comparison and calculation are impossible. In a market system this common denominator is achieved by comparisons in terms of money and of prices stated in money. It is only by this means that society can determine whether a given commodity is being produced at a profit or a loss, or at what comparative profits or losses any number of different commodities are being produced.

"Playing" Capitalism

In recent years even the most doctrinaire communist countries have become aware of this. They are going to be guided hereafter, they say, by profit and loss. An industry must be profitable to justify itself. So they fix money-prices for everything and measure profit and loss in monetary terms.

But this is merely "playing" free markets. This is "playing" capitalism. This imitation is the unintended flattery that the communists now pay to the system they still ostensibly reject and denounce.

But the reason why this mock-market system has so far proved so disappointing is that the communist governments do not know how to fix prices. They have achieved whatever success they have had when they have simply used the quotations they found already existing for international commodities in the speculative markets – i.e., in the capitalist markets – in the Western world. But there are a limited number of such grains and raw materials with international markets. In any case, their prices change daily,

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and are always for specific grades at specific locations.

In trying to fix prices for commodities and the multitudinous objects not quoted on these international markets the communist countries are at sea. The Marxist labor theory of value is false and therefore useless to them. We cannot measure the value of anything by the number of hours of "labor-time" put into it. There are enormous differences in the skill, quality, and productivity of different people's labor. Nor can we, as suggested by some Soviet economists, base prices on "actual costs of production." Costs of production are themselves prices – the prices of raw materials, of factories and machinery, rent, interest, the wages of labor, and so on.

Our Differences Guide Us

And nowhere, in a free market, are prices for long exactly equal to costs of production. It is precisely the *differences* between prices and costs of production that are constantly, in a free market economy, redirecting and changing the balance of production as among thousands of different commodities and services. In industries where prices are well above marginal costs of production, there will be a great incentive to increase output, as well as increased means to do it. In industries where prices fall below marginal costs of production, output must shrink. Everywhere supply will keep adjusting itself to demand.

Where prices have been set arbitrarily, real profits and losses cannot be determined. If I am a commissar in charge of an automobile factory, and do not own the money I pay out, and you are a commissar in charge of a steel plant, and do not own the steel you sell or retain the money you sell it for, and we are each ordered to show a profit, the first thing each of us will do is to appeal to the Central Planning Board to set an advantageous price (to him) for steel and for automobiles. As an automobile commissar, I will want the price of the cars I sell to be set as high as possible, and the price of the steel I buy to be set as low as possible, so that my own "profit" record will look good or my bonus will be fixed high. But as a steel commissar, you will want the selling price of your steel to be fixed as high as possible, and your own cost prices to be fixed low, for the same reason. But when prices are thus fixed blindly, politically, and arbitrarily, who will know what any industry's real profits or losses (as distinguished from its nominal bookkeeping profits or losses) have been?

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Decentralized Chaos

The problems of centralized direction of an economy are so insuperable that in socialist countries there are periodically experiments in decentralization. But in an economy only half free – that is, in an economy in which every factory is free to decide how much to produce of what, but in which the basic prices, wages, rents, and interest rates are blindly fixed or guessed at by the sole ultimate owner of the means of production, the state – a decentralized system could quickly become even more chaotic than a centralized one. If finished products *m*, *n*, *o*, *p*, and so on are made from raw materials *a*, *b*, *c*, *d*, and so on in various combinations and proportions, how can the individual producers of the raw materials know how much of each to produce, and at what rate, unless they know how much the producers of the finished products plan to produce of the latter, how much raw materials they are going to need, and just *when* they are going to need them? And how can the individual producer of raw material *a* or of finished product *m* know how much of it to produce unless he knows how much of that raw material or finished product others in his line are planning to produce, as well as relatively how much ultimate consumers are going to want or demand?

An economic system without private property and free-market price guides must be chaotic. In a communistic system, centralized or decentralized, there will always be unbalanced and unmatched production, shortages of this and unusable surpluses of that, duplications, bottlenecks, time lags, inefficiency, and appalling waste.

In brief, socialism is incapable of solving the incredibly complicated problem of economic calculation. That problem can be solved only by capitalism.[6]

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[6] For a fuller discussion of the problem of economic calculation, see my novel, *Time Will Run Back* (originally published by Appleton-Century-Crofts in 1951 as *The Great Idea*, and republished under the new title by Arlington House in 1966). And see especially the discussion by the great seminal thinker who has done more than any other to make other economists aware of the existence, nature, and extent of the problem, Ludwig von Mises, in his *Socialism: An Analysis* (London: Jonathan Cape, 1936, 1951, 1953, 1969), and in his *Human Action* (Chicago: Henry Regnery, third revised edition, 1963), pp. 200-231 and 698-715. See also *Collectivist Economic Planning*, edited by F. A. Hayek (London: George Routledge, 1935), and *Economic Calculation in the Socialist Society*, by T. J. B. Hoff (London: William Hodge, 1949).

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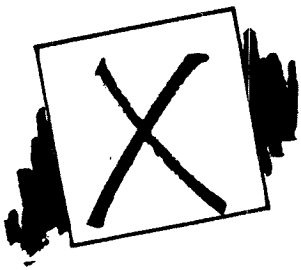

WHO SHOULD VOTE?

PAUL L. POIROT

WHEN a majority seems determined to do foolish things, a reformer might try to fool them into passing a prohibition law. But the majority will neither accept nor respect a law it fails to understand. If the better idea were widely understood, political reform would be quite easy – and quite unnecessary. Advocating a law, as a short cut to understanding, wastes precious time and energy that might have been used to explain and justify the better idea.

An excellent example of such patient explanation is afforded by the 85 *Federalist Papers* offered by Alexander Hamilton, John Jay, and James Madison during 1787 and 1788 to bring understanding and popular acceptance of the new Constitution. To be sure, they wanted "to pass a law"; but their approach was to help the people see the wisdom of the Federal Constitution, to enable them to live within the spirit as well as the letter of the law.

In view of the great interest today in who should be allowed to vote, one is surprised to find only two or three brief references in *The Federalist* to the matter of suffrage. Hamilton, Madison, and Jay were content, it seemed, to rely on the laws of the various states to determine who might vote. And they could foresee no problems arising, no incentive for any state to manipulate its voting requirements in a manner detrimental to the national interest. They could never have believed that Congress (in 1913) would be granted power to tax incomes "without apportionment among the several States, and without regard to any census or enumeration." Nor could those men of 1787

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have conceived of the Federal government as a gigantic gravy bowl to be dipped into and drained by hungry blocs of voters.

A Modern View of Government

In the United States, at least, the Federal welfare state is primarily a development of the twentieth century. Governmental welfare measures, if any, before World War I were handled largely at the local level; there had been no substantial use of Federal funds to buy votes, no reason for states to modify their voting laws and practices to gain special privileges in Washington. Now, we know. And it is conceivable that the authors of the *Federalist Papers* might have given more attention to voting requirements had they imagined how far we might stretch the use of the ballot. There simply was no call to explain the limitations of balloting to Americans of 1787 who understood why government should be limited. And until Americans of our time understand the case for limited government, there is no way to fool them into passing a law to limit the franchise.

Meanwhile, debate rages endlessly over who is to be allowed to vote – whether the franchise should be extended to teen-agers – and about the inequities of this or that particular form of taxation. But seldom, if ever, does such debate get down to basic principles, that is, the discussion of voting and taxation in terms of what government is for and what it ought to be doing.

If one believes, for instance, that a major purpose of government is to bring about a more equal distribution of wealth – taking from the rich to give to the poor – then it would seem entirely logical to confine the franchise to the "deserving poor" and to levy the costs of governing against the rich who supposedly have conspired to build up private fortunes. Teen-agers, in that case, presumably would fall generally among the poor, who "deserve" to vote and to enjoy tax-exemption.

But, sharing the wealth is not quite so peaceful and simple as some advocates seem to believe. Someone always winds up with more than "his fair share," and coercion inevitably is required to get it away from him again. Advocates of force always have fought, and always will, over who should exercise the coercive power.

The Role of Force

It is by no means clear to great numbers of Americans what they want their government to do. On the one hand, they are quite willing to tax up to 70 per cent or more of a person's livelihood, year

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after year, especially if he is relatively productive. Yet, these very same persons will "stand on principle" against the draft of a young man for 2 years at soldier's pay.

If citizens of the United States do not volunteer in sufficient force to carry out government commitments, say in Vietnam, then the government will draft them and their property. "Unfair," cry many of the citizens. "These young men are needed for a domestic peace corps. The property taken by taxation is needed in the domestic war on poverty, aid to the cities, aid to education, aid to agriculture, aid to the unemployed – to each according to need."

These "friends of the poor" in the United States who advocate the use of government force to accomplish their domestic programs are logical, at least; they have no ideological quarrel with the communists in North Vietnam or anywhere else. Their quarrel, rather, is with the idea of limited government and with their "old-fashioned" neighbors who believe that government's only function is to protect life and property and to keep the peace.

Respect for life and property does not originate among men as a fear of reprisal by force in case of trespass but as a sense of propriety, a conscience, a capacity to distinguish right from wrong. Such a distinction is not determined by voting or by tossing a coin. It is a moral decision an individual can and must make for himself only, with such guidance as he may derive from his own experience and thought and from the shared experience and wisdom of others. If it is right to defend one's own life or property, then it cannot at the same time or by the same reasoning be right to take the life or property of another by force. Those who can understand such reasoning and control their actions accordingly are then ready for the idea of limited government – a policing agency of society to preserve the peace, to protect the life and property of every peaceful person against threatened or actual violence by any other person or group.

A Question of Responsibility

In a sense, each human being ought to be in charge of his own life – a self-reliant, self-responsible, peaceful, mature individual. And in that case the principle of one-man-one-vote seems reasonable. But few, if any, of us ever quite measure up to the persons we ought to be. And it would, therefore, seem advisable to limit the franchise, or refuse it altogether to those who clearly fail to behave responsibly.

Youth, to be sure, is not an in-

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fallible sign of immaturity and irresponsibility. But no one expects a year-old baby to vote for President. There's no magic in any number, but it probably is just as well to withhold voting rights from all persons under 21 years of age. Automobile liability insurance companies, for instance, consider all young men under 25 to be more or less irresponsible.

Buying votes is generally frowned upon as a reprehensible practice. And if it is bad practice, then it would seem reasonable to withhold the franchise from any person the livelihood of whom is derived primarily from government, say more than 50 per cent, and in any case if he receives more than $10,000 a year from tax-collected sources. This would include, among others, most public officials, government employees, welfare clients, teachers in public schools, employees of firms largely dependent on government contracts, inmates of prisons and other governmental institutions.

With reference to criminals and others of proven irresponsibility, the franchise probably should be withheld for a certain period of probation, say for two years following release from any penal institution; or, for at least two years following conviction on any criminal charge even if no fine or other sentence were assessed.

The recent public clamor about the poverty level, and the very idea that families with less than $3,000 of annual earnings would be eligible for subsidy suggests that every member of such a family should be ineligible to vote as long as that family condition of poverty persists.

Furthermore, in view of the heavy burden of taxes in the United States, it would seem advisable to withhold the voting privilege from all members of any family group that pays less than a nominal figure of say $300 a year in Federal, state, and local direct tax levies.

Bankruptcy, whether voluntary or at the insistence of creditors, should be sufficient cause to relieve any person of the voting privilege for a reasonable period of time, such as ten years.

The Practice of Freedom Hinges on Education and Understanding

The foregoing is not intended to cover all cases of irresponsible action, but to suggest some of the more flagrant examples that might well be considered by those who want a government primarily for the protection of life and property and the preservation of peaceful conditions in the community. If a person is able to show that he is self-reliant and has not behaved irresponsibly toward others, let

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him vote in elections and other governmental decisions that ought to be reached democratically.

In the final analysis, however, an individual will tend to look upon this limitation of voting rights through the same eyes by which he views the purpose of government. If he wants to protect property, he'll leave the decisions to the owners; but if he wants to confiscate property and is not concerned about such waste of scarce resources, he'll do everything he can to enfranchise the non-owners and herd them to the polling booth. In any case, the practice of freedom, today as in 1787, is entirely a matter of education and understanding.

IDEAS ON LIBERTY

Trampling Justice

NO MAN is allowed to be a judge in his own cause, because his interest would certainly bias his judgment, and, not improbably, corrupt his integrity. With equal, nay with greater reason, a body of men are unfit to be both judges and parties at the same time; yet what are many of the most important acts of legislation but so many judicial determinations, not indeed concerning the rights of single persons, but concerning the rights of large bodies of citizens? And what are the different classes of legislators but advocates and parties to the causes which they determine? . . . The apportionment of taxes on the various descriptions of property is an act which seems to require the most exact impartiality; yet there is, perhaps, no legislative act in which greater opportunity and temptation are given to a predominant party to trample on the rules of justice. Every shilling with which they overburden the inferior number is a shilling saved to their own pockets.

JAMES MADISON, from *The Federalist Papers*, No. 10

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THE FLOWERING OF A TRADITION

WILLIAM F. BUCKLEY, JR. has a genius for provocative titles. The label on the cover of his anthology of American conservative thought in the twentieth century, *Did You Ever See a Dream Walking?* (Bobbs-Merrill, $8.50), comes from a half-forgotten popular song. For me, the Buckley choice is absolutely delicious, for I recall from some thirty years ago that the Chicago political scientist, Charles Merriam, used the same rhetorical query from the same song to introduce a profile of the old curmudgeon of New Deal days, Harold Ickes, whose political thought Bill Buckley would surely describe as a nightmare.

Buckley's answer to the ritualistic "liberalism" which has, in the course of forty years, seeped out of the intellectual weeklies to become the conventional wisdom of our mass magazines is a highly personal one, even though it is here expressed through the choice of twenty-three separate contributors. The point to be made about the Buckley anthology is that it represents for the most part the flowering of a tradition, with most of the essays coming from the nineteen fifties and the nineteen sixties. Albert Jay Nock and Henry Hazlitt are among the few older hands. Because this book is a flowering, it has a mellowness, a suavity of articulation, an urbanity, and a tolerance for eclecticism within a general scheme that would have been broken if the editor had ranged backwards in time to the earlier years of the century, when much of our conservatism – or libertarianism – had a desperate tone. Bill Buckley's conservatism is enormously civilized, which means that it demands certain standards of debate, certain stylistic qualities, a rejection of the type of polemicist that Emerson must have had in mind when he asked, "Why so hot, little man?"

The Buckley taste for polemicism that is good literature is almost flawless. The first figure to walk in his dream-become-actual is Garry Wills, who has the leading position in the section called "The Historical and Intellectual Background." Mr. Wills here exhibits a nineteenth century Whiggish – or maybe it is mild Tory – view of the state, which is to say

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that he is determinedly nonideological but generally in favor of less government action rather than more. It is not the business of the state to provide ideal justice, says Mr. Wills, for that would require marshaling too much force in the hands of fallible men. Nor should the state try to compensate men for their failings. Equity and order come before abstract equality and abstract justice, with "convenience" playing the mediating role. Men, in general, must have scope to exercise their wills.

One would have predicted from his tone in "The Convenient State" that Garry Wills would have been happy to accept the sort of give-at-the-edges interventionism that marks the Richard Nixon conception of the state. The Nixon view, which reminds one of Disraeli, is at least an improvement over the harsher will to ideal justice that dictated the leveling efforts of the Great Society and really "polarized" our society. But no, the present-day Garry Wills has taken to assailing with an unholy passion the Nixon-type "convenience" which accepts the free market with minor reservations. Could it be that if Garry Wills had been a little more rigorous in "The Convenient State," he would have avoided becoming something of a doctrinaire antilibertarian? Mr. Buckley does not say. But it could have been with a tacit urge toward balance that the second section called "The Limitations of the State" includes sterner libertarians Henry Hazlitt, Milton Friedman, Max Eastman – and even Albert Jay Nock, who is admitted for brilliance of style despite a "merry anarchism" that Mr. Buckley rejects for himself.

Mr. Buckley despairs of giving any exact definition to "conservatism"; he prefers to make what he calls an "empirical probe." His empiricism accepts people who think of conservatism variously as a position and an attitude, with religion sometimes entering the equation and sometimes not.

Whittaker Chamber's "The Direct Glance" pleads for a fundamentally religious opposition to communism; the Max Eastman of "Freedom and the Planned Economy" would settle for some simple common sense about keeping economic power diffused.

Willmoore Kendall, though he was a religious man at bottom, leaves other-worldly considerations out of his politics; he accepts the Madisonian balance as a basis for what he calls "The Two Majorities" – meaning the concurrent majority that sets Congress up as a watchdog on the President, and vice versa.

Brent Bozell, who in his later career has been moving toward

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theocracy, is presented here in an earlier guise. Not quite a strict constructionist, Bozell thinks it proper for judges to push the Constitution in an "unwritten direction" if a big consensus favors it. He does not, however, think the Supreme Court should "make law" by its decisions at a time when the nation is still unable to decide between two possible interpretations of Constitutional language. If the Court moves faster than public opinion, as it did on the integration issue, it produces a chaotic period in society.

Sometimes the Buckley aperçus, which are plentiful as blackberries in the separate introductions which he contributes to the various sections of his anthology, are more piercing than the essays that follow. Thus, in the section that is titled "The Relevance of Social Science," which contains selections from Leo Strauss, Jeffrey Hart, Eric Voegelin, and Christopher Dawson (one of two Englishmen in an *American* anthology), the Buckley remarks on the "limits of empiricism" come through with sharpness and clarity where Strauss and Voegelin, though worthy scholars and able teachers, spin things out. Strauss muffles his originality with a sing-song tone, and Voegelin uses an absolutely barbarous academic language, "immanentizing the eschaton" all over the lot. Jeffrey Hart, whose style is clean and brisk in his essay on Edmund Burke, could tell Voegelin that you do not make converts to a point of view by writing for Divinity Ph.D.'s who already agree with you.

There isn't room in this space to deal adequately with Mortimer Smith on schools, or Jane Jacobs on city renewal, or Harry Jaffa on the ticklish subject of giving free speech to communists, or Ernest van Den Haag on the claims and rights of race, or Russell Kirk on the need for rewards, or Frederick Wilhelmsen on the origins of Christmas, or Hugh Kenner on the "new scholarship," or Michael Oakeshott on the rise of the masses, or Frank Meyer and James Burnham, both of whom I have reviewed in these pages before. Besides, I wish to lament Mr. Buckley's failure to include some older, admittedly less urbane libertarians to his gallery who had a lot to do with preparing the ground for the flowering that is presented in the anthology. I miss such things as Isabel Paterson's sharp analysis of the totalitarian potential of a public school system, and Peter Drucker's description of the Founding Fathers as "conservative counterrevolutionists," and Garet Garrett on the economics of the first Henry Ford, and

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Rose Wilder Lane on the rebirth of freedom. Frank Chodorov should be here to join his master, Albert Jay Nock, and we could have welcomed something from John Dos Passos's explorations in early American history. Moreover, Ludwig von Mises has lived in America for a long time, and Hayek was at the University of Chicago for a number of years. They were part of the dream that began to walk here in the nineteen forties.

However, all anthologies are necessarily personal, and Mr. Buckley is entitled to his own. He is himself a most valiant part of the flowering of the mid-century which he has so discerningly presented.

▸ THE CONSERVATIVE TRADITION IN EUROPEAN THOUGHT, Selected and edited by Robert Schuettinger (New York: G. P. Putnam's Sons, 1970) 385 pp. $6.95.

Reviewed by Edmund A. Opitz

THE PHILOSOPHY of conservatism stems mainly from Edmund Burke, and it is fitting, therefore, that the opening sections of this fine anthology should be drawn from his works. The classical world is represented by Plato, Aristotle, and Cicero; Hegel tries to tell us what he understands by the state as "the realized substantive will"; and the judicious Richard Hooker expounds the idea of the natural law. Tocqueville warns us of the despotic tendencies that come masked in democratic forms, and Disraeli outlines the answer of Tory Democracy to this danger. The case for monarchy is presented by the Archduke Otto. On more congenial ground, so far as modern readers are concerned, there is Roepke, Jewkes, Oakeshott, and Hayek.

The rich diversity of views in this anthology serve to make conservatism's major point; men are various, and their manifest individuality must be reflected in social arrangements aimed at maximizing freedom. The believer in liberty, label him as you please, is one who respects human differences as somehow part of the cosmic scheme; he does not feel called upon to correct God or Nature by uniformitarian politics imposed on unwilling subjects. He works toward a better society – meaning one that is freer and more just – but he knows that a perfect society is a chimera and the effort to achieve one leads to new excuses for tyranny. He is against social engineering because he wants each person to work out his own social destiny.

The book has an enlightening Introduction by Professor Schuettinger, and ample suggestions for further reading.

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The Medical Market Place	A. R. Pruit, M.D.	93
The Lure of Nonprofitable Services	Kurt V. Leininger	104
False Remedies for Poverty	Henry Hazlitt	107
Who Should Vote?	Paul L. Poirot	120
Books:		
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Other Books		128

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